

IPOPIF

BOARD MEMBERS

Lee Catavu

*Participant Representative
Aurora, IL*

Paul Swanlund

*Participant Representative
Bloomington, IL*

Vacant

Participant Representative

Daniel Hopkins

*Beneficiary Representative
Collinsville, IL*

Mark Poulos

*Beneficiary Representative
Rock Island, IL*

Elizabeth Holleb

*Municipal Representative
Lake Forest, IL*

Michael Inman

*Municipal Representative
Macomb, IL*

Phil Suess

*Municipal Representative
Wheaton, IL*

Brad Cole

*Illinois Municipal League
Representative
Carbondale, IL*

Notice is hereby given that the Board of Trustees of the Illinois Police Officers' Pension Investment Fund will conduct a regular meeting on **Friday, July 21, 2023, at 8:30 a.m.** at the Marriott Pere Marquette Hotel, Marquette Salon B, 501 Main Street, Peoria, IL. This meeting will be livestreamed on the Zoom video-conferencing platform. By entering the meeting, participants agree to be audio and video recorded.

Livestream

Join by Phone: (309)205-3325

Join by Zoom: <https://zoom.us/join>

Meeting ID:846 6980 9047

Passcode:667500

AGENDA

- 1. Call to Order (8:30 a.m.)**
- 2. Roll Call**
- 3. Board of Trustees**
 - a. Strategic Goals and Objectives: Discussion and Potential Action
- 4. Board Recess (Approximately 12:30 p.m.)**
- 5. Investments**
 - a. Investment Update Report: Discussion and Potential Action
 - b. Global/International Small Cap Manager Search: Approve
- 6. Governmental Liaison's Report**
 - a. Monthly Legislative Report: Discussion and Potential Action
- 7. Finance**
 - a. Monthly Financial Statement – May 2023: Discussion and Potential Action
 - b. Warrant #2024-01: Discussion and Potential Action
 - c. Transition Audit (per 40 ILCS 5/22B 120(g)): Discussion and Potential Action
 - d. Examination and Investigation Audits: Discussion and Potential Action
 - e. Pay Plan: Discussion and Potential Action
- 8. Operations**
 - a. Illinois Municipal Retirement Fund (IMRF) Resolution: Discussion and Potential Action
 - b. IMRF Service Purchase Consideration for Employees: Discussion and Potential Action
 - c. Trustee Election Policy (PP-2020-03): Discussion and Potential Action
 - d. Election Services – Survey and Ballot Systems Provider Contract: Discussion and Potential Action
 - e. Office Furniture Purchase: Discussion and Potential Action
 - f. Operations Status Update Report: Discussion and Potential Action
- 9. Meeting Minutes**
 - a. Approve June 9, 2023 Board of Trustees Meeting Minutes
 - b. Accept March 31, 2023 Contract Committee Closed Session Minutes
- 10. General Legal Counsel**
 - a. Performance Evaluation for Executive Director: Discussion and Potential Action ¹
- 11. Fiduciary Legal Counsel**
 - a. Join Defendant's Brief: Discussion and Board Direction ¹

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12. Closed Session (if necessary)**13. Public Comment (press *6 to unmute)****14. Adjournment ¹**

¹ Closed Session Items:

10(a): In accordance with 5 ILCS 120/2(c) Exceptions. A public body may hold closed meetings to consider the following subjects: (1) The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity.

11(a): In accordance with 5 ILCS 120/2(c)(11) Exception: Litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent.



Illinois Police Officers' Pension Investment Fund

Investment Update

As of July 13, 2023

Transfer Status

- All transferrable assets received and reconciled for Participating Police Pension Funds.
- Participation: 97% of non-litigant funds, 99% of assets
 - 10 non-litigant funds (~\$74M) did not transfer assets
 - One of those funds (~\$11M) is scheduled to transfer 8/1/23 (no change from June meeting)
 - 15 litigant funds (~\$1.2B)
- Evaluating requirements and framework for resolving non-transferable assets.

Investment Operational Highlights

- Invoicing
 - State Street custody has been paid for services through December 2022. They continue to work on 2023 custody. We expect improved timeliness as data channels and review processes are established.
 - RhumbLine invoicing is current through June, SSGA through May.
- June Cash Management
 - 146 contributions totaling \$61 million, 148 withdrawals totaling \$32 million
 - 818 total users from 306 funds (little changed)
 - Shifting cash management responsibility from Investments to Accounting
- Reporting
 - Valuation adjustments for EMD, MBS, and accounting incorporated into May participant monthly reports, resolving all outstanding valuation issues.
 - Preparing to shift the NRS reporting portal from monthly to daily updates
- Asset allocation glidepath implementation
 - May – transferred \$90M from Core Bonds to Non-US Equity
 - June – transferred \$90M from Cash to US Equity

Performance Summary

Final	2Q22	3Q22	4Q22	1Q23	12 Mo.
IPOPIF Pool	-10.4%	-4.8%	+6.8%	+4.3%	-5.1%
Policy Benchmark	-10.4%	-5.0%	+6.6%	+4.3%	-5.3%
Broad Benchmark	-13.6%	-6.6%	+8.4%	+5.8%	-7.6%

Preliminary	April	May	June	2Q23	FY23
IPOPIF Pool	0.9%	-1.4%	3.2%	2.7%	8.8%
Policy Benchmark	0.8%	-1.3%	tbd	tbd	tbd
Broad Benchmark	1.0%	-1.4%	tbd	tbd	tbd

Asset Allocation 7/11/23

Account	Current		Target		Variance	
	\$M	%	\$M	%	\$M	%
Growth	4,920	52.4%	5,450	58.0%	(530)	-5.6%
RHUMBLINE US LARGE*	1,881	20.0%	2,161	23.0%	(281)	-3.0%
RHUMBLINE US SMALL	457	4.9%	470	5.0%	(13)	-0.1%
SSGA NON-US DEVELOPED*	1,484	15.8%	1,691	18.0%	(208)	-2.2%
SSGA NON-US DEVELOPED SC	453	4.8%	470	5.0%	(17)	-0.2%
SSGA EM EQUITY	645	6.9%	658	7.0%	(13)	-0.1%
Income	1,469	15.6%	1,504	16.0%	(35)	-0.4%
SSGA HIGH YIELD	919	9.8%	940	10.0%	(21)	-0.2%
SSGA EM DEBT	550	5.9%	564	6.0%	(14)	-0.1%
Inflation Protection	808	8.6%	846	9.0%	(37)	-0.4%
SSGA TIPS	271	2.9%	282	3.0%	(11)	-0.1%
SSGA REITS	364	3.9%	376	4.0%	(12)	-0.1%
PRINCIPAL US PROPERTY	173	1.8%	188	2.0%	(15)	-0.2%
Risk Mitigation	2,200	23.4%	1,598	17.0%	603	6.4%
IPOPIF CASH	302	3.2%	94	1.0%	208	2.2%
SSGA ST GOV-CREDIT	1,358	14.4%	1,222	13.0%	136	1.4%
SSGA CORE BONDS	541	5.8%	282	3.0%	259	2.8%
Transition account	0.12	0.0%	-	0.0%	0	0.0%
Total Investment Pool	9,397	100.0%	9,397	100.0%	-	0.0%

* Allocations to US Large Cap and Non-US Developed equity will be increased gradually at CIO discretion.

Key Investment Initiatives (1)

Initiative	Status
Revise Short-term Asset Allocation (STAA)	New STAA approved by Board in April. 8% to be shifted gradually from Risk Mitigation to Public Equity. May - 1% (\$90M) moved from short-term debt to International Equity. June – 1% moved from cash to US Equity.
Investment Staff Recruitment of two additional investment officers (4 total)	Received 42 applications. Salary range approved in June following compensation study. Screening and first-round interviews completed. Peoria interviews scheduled for late July.
International Equity Small Cap search	Search discussed at the June Board meeting. RFP draft to be provided for Board review. Search request to be reviewed again at this meeting. Targeting selection at the October Board meeting, but this will be tight.
Evaluation of potential for Multi-Asset Credit allocation	Potential for higher returns in the income portfolio by using a manager that invests across multiple credit asset classes. CIO has decided not to proceed. Market analysis did not result in compelling justification for added complexity. Shift focus to Bank Loans.

Key Investment Initiatives (2)

Initiative	Status
Bank Loan Search	3% long-term allocation, but no current exposure. Currently evaluating manager universe and developing RFP.
Private Market Investments (equity, credit, real estate, infrastructure)	Conducted numerous education meetings across spectrum of consultants and managers. Verus provided private markets education at June Board meeting. Planning request for private markets consultant search, following investment officer recruitment.
Transfer outstanding assets	All transferrable assets received and reconciled for Participating Police Pension Funds. One \$11M fund to transfer on Aug. 1. Nothing else in pipeline.
Develop plan for addressing non-transferrable assets	Working with Verus and Counsel to evaluate IPOPIF requirements and to develop a framework for resolving non-transferable assets.

Key Investment Initiatives (3)

Initiative	Status
Develop Investment Communication Materials	Developed 2022 Transfer Performance Summary Developed stakeholder presentation Continuing to build out additional information
Develop compliance review and reporting matrix	Completed review of source documents to capture all requirements. Developing review and reporting structure.
Develop long-term asset allocation implementation plan	Completed brainstorm project list. Next - organize and formalize using project planning processes, tools, and exhibits to show path and progress. Prioritizing search initiation.

Preliminary Agenda Planning

7/21/23	9/15/23	10/13/23	12/15/23	March 2024
International small cap search request		Intl. small cap recommendation	US small cap search request	US small cap recommendation
	Bank Loan search request		Bank Loan recommendation	Next Credit search request
			Private Markets consultant Search Request	Private Markets Consultant Recommendation
	Principal US Property Account Review		Custodian Review	Investment Consultant Review
Quarterly: Investment Update, Performance Review, Compliance Review, Investment Implementation Status				

Preliminary Search Queue

Public Markets

- Equity
 - International/Global Small Cap
 - US Small Cap
 - Emerging Markets
 - Evaluate Large Cap
- Credit
 - Bank Loans
 - High Yield
 - Emerging Markets
- Risk Mitigation
 - Need allocation and structure review

Private Markets

- Specialty Consultant?
- Secondary funds for early exposure and vintage diversification
- Equity
- Credit
- Real Estate
- Infrastructure

MEMORANDUM

DATE: July 13, 2023
 TO: IPOPIF Board of Trustees
 FROM: IPOPIF Investment Staff
 SUBJECT: Investment Manager Search Request: International Small Cap Active

Update for July 21, 2023, Board meeting

- This memo and the search request was reviewed at the Board meeting of June 9, 2023. Changes are noted in red.
- The draft RFP will be provided separately for reference.
- Minimum qualifications are detailed in the RFP. There are no minimum requirements regarding firm or product assets under management.
- A broad array of evaluation criteria are also detailed in the RFP, including “the size of the firm and products offered.”

Recommendation

That the Board of Trustees approve a search for active investment managers focusing on small international companies.

Procurement of Investment Services Policy

The Board of Trustees established the Procurement of Investment Services Policy (“Policy”), PP-2021-07, so that all decisions to procure Investment Services will be made with respect for the principles of competitive selection, full disclosure, objective evaluation, and proper documentation. The Policy establishes, among other provisions, competitive selection procedures (Section D), including evaluation factors (Section D.6). Section D.2 establishes that “The Board shall approve when there shall be a search for Investment Services and the parameters of the search based on a recommendation from investment staff or Investment Consultant.

Allocation Perspective and Search Sequence

- The IPOPIF short-term and long-term asset allocation dedicates a 5% weight each to US small cap and non-US small cap equity.
- Staff indicated plans to pursue small cap equity searches in prior Board presentations outlining key initiatives for 2023.
- Staff is planning to sequence the US small cap search to occur after the non-US search to:
 - Focus resources.
 - Allow consideration of “global” products that cover US and Non-US companies.
 - Allow for process improvements as we begin our first search for active investment management services with our new team.

Portfolio Structure

- The 5% allocation to international small cap equates to \$500 million at a total fund size of \$10 billion.
- “Structure” refers to the number, weights, and investment approach of the investment managers utilized, e.g., passive vs. active, growth vs. core vs. value, fundamental vs. quantitative process.
- The structure of the portfolio will be determined by the search evaluation, recommendation, and Board decisions.
 - The recommended mandate sizes will be determined by several factors including manager capacity limitations, IPOPIF concentration risk in the product or firm, and fit with complementary managers.
 - Smaller mandates may be considered for Emerging Investment Managers or managers that are a Minority-Owned Business, Woman-Owned Business, Business Owned by a Person with a Disability (“MWDBE”), a Qualified Veteran-Owned Small Business, or Qualified Service-Disabled Veteran Owned Small Business (“Veteran Owned”).
 - Passive exposure may be maintained based on the final recommendation and Board approval.
- To minimize operating costs and maximize market access, IPOPIF currently does not use separate accounts for non-US exposure. For international exposure, IPOPIF can use commingled funds, mutual funds, exchange traded funds, or similar vehicles.

Fees and Budget Impact

- Active management will incur higher investment management fees. Staff and the Board will need strong conviction that expected excess returns will exceed the active management fees.
- Due to uncertainty regarding implementation timing and structure, active manager fees are not included in the FY24 budget. Budget amendments will be proposed with the final selection recommendation.

Utilization of Investment Manager Database

Section D.4 of the Policy provides that IPOPIF may utilize a third-party industry database (the “IPOPIF Database”) of institutional-quality registered investment advisers to serve as the primary pool from which the IPOPIF will identify and evaluate candidates in a search for Investment Advisers. The Policy further details requirements to ensure comprehensive access and evaluation of the potential service provider universe. IPOPIF uses the eVestment database.

Staff intends to use the IPOPIF Database to conduct an initial evaluation of the provider universe to (i) determine whether candidates meet certain initial evaluation criteria for the search and (ii) identify the highest caliber candidates. Candidates who do not meet the initial evaluation criteria will not be requested to submit additional information as part of the RFP. Candidates who the IPOPIF Staff, in

consultation with the Investment Consultant, identify as the highest caliber candidates will be requested to submit additional information; provided, however, that nothing will prevent candidates who meet the minimum criteria from submitting additional information.

All MWDBE and Veteran-Owned investment advisers that meet the initial evaluation criteria in the RFP will be requested to submit additional information as part of the RFP.

Preliminary Universe Analysis

- Based on evaluation of the IPOPIF Database as of 12/31/22.
- There was a total of 388 potential international or global small-cap products offered by 365 firms.
- 58 of those products from 40 firms screened as having higher potential based on data completion, product size, and tracking error.
- This perspective is provided only for Board perspective. The search evaluation will start with fresh data through 6/30/23 (updated).

Preliminary Timeline (updated)

The search timeline is included in the RFP. We anticipate posting the RFP within two business days following Board approval of the search. We are potentially targeting selection at the October 13 Board meeting; however this timeline is tight and we will need adequate time at the meeting for interviews. We anticipate that the Board will need to interview two or three managers.

Small Cap vs. Large Cap Comparison

	Large Cap	Small Cap
US Index	Russell 1000	Russell 2000
Names	1000	2000
Median Market Cap	\$12.2 billion	\$927 million
% of Total Index Value	93%	7%
Non-US Index	MSCI World ex USA	MSCI ACWI ex USA Small Cap
Names	881	4,357
Median Market Cap	\$9.2 billion	\$549 million
% of Total Index Value	86%	14%



VISION M.A.I. Consulting

Lobbyist Report – July 21, 2023

ILLINOIS POLICE OFFICERS’ PENSION INVESTMENT FUND

I. IPOPIF LEGISLATIVE AGENDA – STATUS UPDATE

- a. **SB 2100 (IPOPIF Technical Corrections)** – Chief Sponsor Senate Special Committee on Pension Chairman Robert Martwick and House Personnel and Pensions Committee Member Daniel Didech, Chairwoman Stephanie Kifowit, Committee Member Janet Yang Rohr
 - i. **PASSED** Both Houses on May 11, 2023
 - ii. Currently awaiting Governor’s Signature
- b. **SB 2102 (DOI AUDITS – IPOPIF OPPOSED)** - Chief Sponsor Senate Special Committee on Pensions Chairman Robert Martwick, Senator Dave Syverson and House Assistant Majority Leader Natalie Manley
 - i. **FAILED**
 - ii. Re-referred back to House Rules Committee
- c. **HB 3817 (Budget Implementation Bill – BIMP)** – Chief Sponsor Senate Majority Caucus Appropriations Leader Elgie Sims and House Speaker Pro Tempore Jehan Gordon-Booth
 - i. **PASSED** Both Houses on May 27, 2023
 - ii. New Language – Sec.1A-112 Fees: Effective July 1, 2023, each pension fund established under Article 3 or 4 of this Code shall pay an annual compliance fee of at least .02% but not more than .05% of the total assets of the pension fund, as reported in the most current annual statement of the fund, to the Department of Insurance unless the approximate Consolidated Fund agrees to conduct an audit or examination of all pension funds as provided in Sec. 1A-104. The Department shall have the discretion to set the annual compliance fee to be paid by each pension fund to cover the cost of the compliance audits. The Department shall provide written notice to each Article 3 and 4 pension fund of the amount of the annual compliance fee due not less than 60 days prior to the fee payment deadline.
 - iii. **SIGNED** by Governor on June 7, 2023
 - 1. **Public Act 103-0008**

II. S&P: ILLINOIS’ POORLY FUNDED PENSIONS TO CONTINUE STRESS ON STATE, LOCAL GOVERNMENTS

- a. Despite the state making supplemental contributions, a credit rating agency says Illinois’ “poorly funded” pensions will continue to stress state and local government budgets as the state sees “weak demographic trends’ and “shrinking population”.

- b. The Illinois Auditor General pegs Illinois' unfunded pension liability at around \$140 billion. All five state funds combined are 42.2% funded.
- c. S&P Global Ratings published their "Pension Spotlight Illinois". In announcing the report, the agency said it "expects costs will keep rising because contributions are significantly short of meaningful funding progress, plans are poorly funded, and the Illinois Pension Code.

III. UNRESOLVED LEGISLATIVE ISSUES

- a. Open Meetings Act – Remote Meetings
- b. Ethics Reform – anti-corruption
- c. Energy
- d. Pension Benefit Fixes
 - i. Tier 2 - HB 4098
 - ii. Chicago Pension Debt Rises to \$35B
 - 1. Chicago Police Birthdate Restriction Removal
 - 2. Chicago Fire and Chicago Police Downstate Reciprocity

IV. IMPLEMENTATION ISSUES WITH DOI'S COMPLIANCE FEE MANDATE

- a. Based on conversations with the DOI Legislative Liaison and *NEW* Assistant Deputy Director of Public Pensions:
 - i. Internal conversations within DOI have taken place over the last six weeks regarding implementation of HB 3817.
 - ii. DOI is working through certain challenges.
 - iii. Details of fee structure breakdown or methodology for the individual funds have not been finalized.
- b. DOI is prepared to resume discussions on the compliance audits w/IPOPIF.

V. SUMMER HOUSE PERSONNEL AND PENSION SUBJECT MATTER HEARINGS

- a. The House Personnel and Pensions Committee will be holding its first summer subject matter hearing on Wednesday, July 19th at 10:00 am in the Chicago Bilandic Building. The hearing will focus on an overview of the 5-state pension systems, the Chicago Teachers' Pension Fund, and HB 4098 and HB 4099.
- b. HB 4098 was introduced by the House Personnel and Pensions Committee Chairwoman earlier in the session. HB 4098 makes changes to Tier 2 benefits for members or participants under the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, including changes to automatic annual increases, age and service requirements for retirement, and limits on the amount of salary for annuity purposes.
- c. HB 4099 was also introduced by the House Personnel and Pensions Committee Chairwoman earlier this session. HB 4099 would:
 - a. Amend the General Provisions, Downstate Police, Downstate Firefighter, and State Employees Articles of the Illinois Pension Code. Provides that a security employee of the Department of Corrections or the Department of Juvenile Justice or a security employee of the Department of Human Services subject to the Tier 2 provisions is entitled to an annuity calculated under the alternative retirement annuity provisions, in lieu of the regular or

minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

- b. Provide that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". In the Downstate Police and Downstate Firefighter Articles, in a provision that reduces the amount of the pension for a Tier 2 firefighter or Tier 2 police officer who retires with at least 10 years of creditable service before attaining age 55, provides that the pension of a Tier 2 firefighter or Tier 2 police officer who is retiring after attaining age 50 with 20 or more years of creditable service shall not be reduced.
- c. Provides that each annual increase for Tier 2 firefighters shall be increased on the January 1 occurring either on or after the attainment of age 55 (instead of age 60) or the first anniversary of the pension start date, whichever is later.
- d. Neither bill was voted on during the regular Spring session, as the Chairwoman believed more discussion needed to take place on the topic. This will be the second subject matter hearing on HB 4098 and HB 4099 since they were first introduced in May.
 - 1. The next hearing is scheduled August 9th.

VI. REPORT ON THE FINANCIAL CONDITION OF THE DOWNSTATE POLICE & FIRE PENSION FUNDS IN ILLINOIS IN PROCESS

- a. Commission on Government Forecasting and Accountability has historically relied upon the DOI. The DOI typically provided data detailing the individual financial status of each Article 3 Fund, which provides the basis of COGFA's report.
- b. COGFA has made inquiries into whether IPOPIF will have FY'22 data that can be used for the report.

VII. FALL VETO SESSION SCHEDULE

- a. The House & Senate have published their 2023 Veto session schedules.
- b. Both chambers will meet the following days:

-Tuesday, October 24, 2023
-Wednesday, October 25, 2023
-Thursday, October 26, 2023

-Tuesday, November 7, 2023
-Wednesday, November 8, 2023
-Thursday, November 9, 2023

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND



MONTHLY FINANCIAL REPORT

FOR THE ELEVEN MONTHS ENDED MAY 31, 2023

PREPARED BY:



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Illinois Police Officers' Pension Investment Fund
Statement of Fiduciary Net Position
As of May 31, 2023

Assets

Cash

Lake Forest B&T	\$ 111,569
Total Cash	<u>111,569</u>

Investments

Investments	9,068,885,897
Total Investments	<u>9,068,885,897</u>

Total Assets	9,068,997,466
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Liabilities

Accrued Expenses

Payroll & Related	99,300
General	28,533
Total Accrued Expenses	<u>127,833</u>

Total Liabilities	127,833
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Net Position Restricted	9,068,869,633
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Illinois Police Officers' Pension Investment Fund
Statement of Changes in Fiduciary Net Position
For the Eleven Months Ended May 31, 2023

Additions	
Proceeds	
Cash Received from Local Funds	395,233,146
Investments Received from Local Funds	5,725,925,760
Total Proceeds	<u>6,121,158,906</u>
Investment Income (Loss)	
Lake Forest Bank & Trust - Checking	1,144
Lake Forest Bank & Trust - Max Safe	6,729
Interest	55,801,517
Net appreciation (depreciation) in fair value of investments	295,687,267
Net Investment Income (Loss)	<u>351,496,657</u>
Total Additions	<u>6,472,655,563</u>
Deductions	
Administrative Expenses	
Board of Trustees & Meetings	(37,857)
Administrative Operations	(2,045,246)
Investment Operations	(2,493,569)
Total Administrative Expenses	<u>(4,576,672)</u>
Participating Fund Withdrawals	(133,957,692)
Total Deductions	<u>(138,534,364)</u>
Net Increase (Decrease)	<u>6,334,121,199</u>
Net Position Restricted	
Beginning of the Year	2,734,748,434
End of the Period	<u>9,068,869,633</u>

Illinois Police Officers' Pension Investment Fund

Additions Report for the Eleven Months Ended May 31, 2023

	<u>Received this Month</u>	<u>Budgeted* this Month</u>	<u>Received this Fiscal Year</u>	<u>Budgeted* this Fiscal Year</u>
Additions				
<u>Consolidated Funds</u>				
Cash Received from Local Funds	39,711,869	-	395,233,146	-
Investments Received from Local Funds	35,881,756	-	5,725,925,760	-
	<u>75,593,625</u>	<u>-</u>	<u>6,121,158,906</u>	<u>-</u>
<u>Investment Income (Loss)</u>				
Interest & Dividends	7,134,667	-	55,809,390	-
Net appreciation (depreciation)	(129,703,222)	-	295,687,267	-
	<u>(122,568,555)</u>	<u>-</u>	<u>351,496,657</u>	<u>-</u>
Total Additions	(46,974,930)	-	6,472,655,563	-

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Eleven Months Ended May 31, 2023

	Expended this Month	Budgeted* this Month	Expended this Year	Budgeted* this Year
Expenditures				
Board of Trustees and Meetings				
<u>Board of Trustees and Meetings Expenses</u>				
Professional Services				
<i>Administrative Services</i>	-	5,400	19,913	64,800
<i>Election Services</i>	-	(531)	(6,366)	(6,366)
Education and Training	-	1,500	11,125	18,000
Meeting Expenses	7,001	788	12,218	9,461
Board Member Reimbursements	302	875	967	10,500
	7,303	8,032	37,857	96,395
Administrative Operations				
<u>Personnel</u>				
Administrative Personnel	41,833	49,642	432,540	595,698
Employment Expenses				
<i>FICA/Medicare</i>	2,080	3,123	27,835	37,481
<i>Medical/Dental Benefits</i>	32	4,076	12,027	48,912
<i>Unemployment</i>	-	250	-	3,000
<i>Retirement Benefits</i>	3,535	3,446	29,520	41,352
	47,480	60,537	501,922	726,443
<u>Professional Services</u>				
Finance				
<i>Accounting</i>	-	2,000	16,000	24,000
<i>Audit - Financial</i>	-	2,292	27,500	27,500
<i>Audit - Certified Asset List</i>	3,150	37,077	352,645	444,924
<i>Audit - Transition</i>	-	1,146	-	13,752
<i>Chief Financial Officer</i>	-	17,077	157,969	204,918
Administrative Services	-	12,792	57,363	153,500
Government Liaison	-	5,700	45,600	68,400
Actuarial Services	3,250	15,271	134,663	183,250
Outsourced Human Resources	435	2,000	1,331	24,000
Legal Services				
<i>Legal Services - General</i>	-	5,833	28,456	70,000
<i>Legal Services - Fiduciary</i>	3,717	8,333	45,222	100,000
<i>Legal Services - Litigation</i>	2,960	-	5,988	-
Technology Services	2,768	7,020	57,012	84,245
Communication Services	2,000	2,000	22,000	24,000
	18,280	118,541	951,749	1,422,489

Illinois Police Officers' Pension Investment Fund

Deductions Report for the Eleven Months Ended May 31, 2023

	<u>Expended</u> <u>this Month</u>	<u>Budgeted*</u> <u>this Month</u>	<u>Expended</u> <u>this Year</u>	<u>Budgeted*</u> <u>this Year</u>
Expenditures				
<u>Bank Services and Fees</u>				
Local Bank Fees	188	417	3,232	5,000
Loan Interest Expense	-	19,334	230,565	232,011
	188	19,751	233,797	237,011
<u>Services & Supplies</u>				
Assets under \$5,000	8,541	11,808	125,144	141,690
Insurance	-	7,035	84,418	84,418
Office Lease/Rent	5,375	4,031	43,000	48,375
Printing & Postage	-	3,000	7,467	36,000
Supplies & Maintenance	1,570	1,167	10,502	14,000
Telecommunication	1,238	1,099	11,106	13,193
Contingency	(1)	1,000	(1)	12,000
Dues / Licenses	31,645	941	34,408	11,295
Training & Education	-	1,000	135	12,000
Travel & Transportation	81	1,000	2,706	12,000
Utilities	-	425	1,627	5,100
Website	315	4,167	37,266	50,000
	48,764	36,673	357,778	440,071
Investment Operations				
<u>Personnel</u>				
Investment Operations Personnel	62,997	59,375	530,343	712,500
Employment Expenses				
<i>FICA/Medicare</i>	3,617	4,542	31,321	54,506
<i>Medical/Dental Benefits</i>	(108)	3,879	50,496	46,548
<i>Unemployment</i>	-	208	-	2,500
<i>Retirement Benefits</i>	7,038	5,011	62,046	60,135
	73,544	73,015	674,206	876,189
<u>Investment & Banking</u>				
General Investment Consultant	106,875	35,625	320,625	427,500
Database Subscription(s)	-	3,088	37,050	37,050
Investment Management	8,534	75,149	327,100	901,790
Custodial Services	-	38,750	(29,067)	465,000
	115,409	152,612	655,708	1,831,340

Illinois Police Officers' Pension Investment Fund Deductions Report for the Eleven Months Ended May 31, 2023

	Expended <u>this Month</u>	Budgeted* <u>this Month</u>	Expended <u>this Year</u>	Budgeted* <u>this Year</u>
Expenditures				
<u>Professional Services</u>				
Project Architect	-	2,348	28,175	28,175
Transition Management	-	70,645	847,718	847,734
Transition Consultant/Services	-	23,980	287,762	287,762
	<u>-</u>	<u>96,973</u>	<u>1,163,655</u>	<u>1,163,671</u>
Total Expenditures	310,968	566,134	4,576,672	6,793,609
Participating Fund Withdrawals		30,690,439	133,957,692	
Total Deductions		31,001,407	138,534,364	

*Including All Budget Amendments as of May 31, 2023

Warrant #24-01



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - July 21, 2023 Board Meeting

BOARD OF TRUSTEES and MEETINGS

Professional Services - Administrative Services

	Foster & Foster	
6/2/2023	Plan administration services for the month of May 2023, including May Audit and Budget Committee, Governance Committee, and Contract Committee Meetings, Invoice #27137	\$3,987.50

Meeting Expenses

	Barracks Hospitality Group	
6/9/2023	Lunch and beverages for June 9, 2023, Board Meeting, Invoice #53397	\$381.01
	Katherine Cobb	
6/29/2023	Out of pocket reimbursement for travel for June 27, 2023, Regional Stakeholder Meeting - Collinsville	\$205.67
	Total Board of Trustees and Meetings Meeting Expense	\$586.68

Board Member Reimbursements

	Elizabeth Holleb	
5/19/2023	Out of pocket reimbursement for travel for May 19, 2023, Committee Meetings	\$255.45
6/12/2023	Out of pocket reimbursement for travel for June 9, 2023, Board Meeting	\$255.45
	Daniel Hopkins	
6/9/2023	Out of pocket reimbursement for hotel and travel for June 9, 2023, Board Meeting	\$314.12
	Total Board of Trustees and Meetings Board Member Reimbursements	\$825.02

TOTAL BOARD OF TRUSTEES AND MEETINGS EXPENSES **\$5,399.20**

ADMINISTRATIVE OPERATIONS

Professional Services - Finance

Audit - Certified Asset List

	Baker Tilly	
5/31/2023	Professional services rendered in connection with AUP reports for 1 member fund Tranche 10 and 1 member fund Tranche 12, Invoice #BT2455295	\$3,450.00

Professional Services - Administrative Services

	Foster & Foster	
6/2/2023	Plan administrative services to support transition of assets and Executive Director/CIO for the month of May 2023, Invoice #27137	\$2,100.00

Warrant #24-01



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - July 21, 2023 Board Meeting

Professional Services - Government Liaison

7/1/2023	Vision M.A.I. Consulting Professional services rendered for July 2023, Invoice #7	\$5,700.00
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Professional Services - Actuarial Services

6/15/2023	Foster & Foster, Inc. Preparation of Fiscal Year 2022 Actuarial Valuation Reports for 2 participating pension funds and preparation of ASOP memo Invoice #27382	\$2,687.50
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Professional Services - Legal

General

6/7/2023	Reimer Dobrovoly & Labardi PC Legal Services Rendered and Disbursements for the period February 1 - March 31, 2023, Invoice #29228	\$13,095.05
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Fiduciary & Litigation

6/21/2023	Jacobs Burns Orlove & Hernandez LLP Legal services rendered in May 2023 regarding general matters and litigation, Invoice #126	\$5,943.84
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Professional Services - Technology

6/7/2023	Levi, Ray & Shoup, Inc. Network support services May 2023, Invoice #297567	\$810.00
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Professional Services - Communication

6/28/2023	Shepherd Communications Professional Service Fee for July 2023	\$1,500.00
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Services and Supplies

Assets under \$5,000

6/21/2023	Central Illinois Security Aiphone Intercom System equipment and installation, Invoice #196418	\$7,359.00
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Insurance

5/24/2023	Cook Castle Associates LLC Insurance policy renewal for Directors & Officers / Employment Practices Liability, Fiduciary Liability, and Cyber Risk for 2023-2024 Invoice #2790	\$100,960.00
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Warrant #24-01



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - July 21, 2023 Board Meeting

Services and Supplies

Insurance (continued)

	CHUBB	
6/26/2023	Insurance policy renewal for Business Owners and Workers Compensation for 2023-2024	\$5,946.00
	Total Services and Supplies, Insurance	\$106,906.00

Office Lease

	City of Peoria	
6/29/2023	Rent for July 2023, Invoice #45383	\$5,375.00

Supplies & Maintenance

	AAA Certified Confidential Security Corp	
5/31/2023	On-site confidential records destruction May 2023, Invoice #101956	\$42.40
	The Cleaning Source	
6/29/2023	Weekly cleaning service June 2023, Invoice #IP0623	\$186.00
	ODP Business Solutions, LLC	
6/1/2023	Office supplies, Keyboard Mouse Combo, Invoice #315608225001	\$25.19
6/1/2023	Office supplies, Name Plate, Invoice #315607128001	\$18.99
6/2/2023	Office supplies, Roll of Address Labels, Invoice #315607128002	\$13.77
6/21/2023	Office supplies, Name Plates, Postage Stamps, Envelopes, Mouse, Expandable Folders, Keyboard Mouse Combo, Cutlery, Rulers, Certificate Holders, Invoice #319549250001	\$564.57
6/22/2023	Office supplies, 2 Rolls of Address Labels, Invoice #319549687001	\$27.54
	Total Services and Supplies, Supplies & Maintenance	\$878.46

Telecommunications

	AmeriCALL	
6/13/2023	Labor billing for 4 additional Coredial phones, Invoice #A24497	\$392.50
6/21/2023	Program, deliver, and install Grandstream 2170 phone and add extension, Invoice #A24507	\$350.00
	Total Services and Supplies, Telecommunications	\$742.50

Dues & Licenses

	Levi, Ray & Shoup, Inc.	
6/7/2023	LRS Axcient CloudFinder for Office 365 backup, 25 licenses Invoice #297570	\$125.00

Travel & Transportation

6/20/2023	Katherine Cobb Out of pocket reimbursement for June 2023 parking fee	\$81.00
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Warrant #24-01



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - July 21, 2023 Board Meeting

Website

	Levi, Ray & Shoup, Inc.	
6/7/2023	Website maintenance May 2023, Invoice #297568	\$115.00
6/7/2023	Website hosting and related support, Invoice #297569	\$200.00
	Total Services and Supplies, Website	\$315.00

TOTAL ADMINISTRATIVE OPERATIONS EXPENSES **\$157,068.35**

INVESTMENT OPERATIONS

Investment & Banking

Investment Management

	Rhumblin Advisors	
6/12/2023	Investment Management Services for May 2023 \$2,092,293,773 AUM, .5bps, Invoice #gipop12023May	\$8,663.00
	State Street Global Advisors	
6/14/2023	Investment Management services for April 2023 - Emerging Markets Index Fund \$628,092,116 AUM, 1.55 bps Invoice #SSGABA3761673	\$8,112.86
6/14/2023	Investment Management services for April 2023 - Non-US Small Cap Index Fund \$447,853,470 AUM, 1.55 bps Invoice #SSGABA3761675	\$5,784.77
6/14/2023	Investment Management services for April 2023 - Non-US Developed Index Fund \$1,380,399,500, 1.55 bps, Invoice #SSGABA3761681	\$17,830.16
6/14/2023	Investment Management services for April 2023 - US Agg Bond Index Fund \$639,809,041, 1.55 bps, Invoice #SSGABA3761677	\$8,264.20
6/14/2023	Investment Management services for April 2023 - US REIT Index Fund \$338,708,037, 1.55 bps, Invoice #SSGABA3761676	\$4,374.98
6/14/2023	Investment Management services for April 2023 - US ST Gov/Credit Bond Fund \$1,353,654,456, 1.55 bps, Invoice #SSGABA3761678	\$17,484.70
6/14/2023	Investment Management services for April 2023 - US High Yield Bond Index Fund \$900,084,084, 1.55 bps, Invoice #SSGABA3761679	\$11,626.09
6/14/2023	Investment Management services for April 2023 - US TIPS 0-5 Yrs Fund \$264,136,346, 1.55 bps, Invoice #SSGABA3761682	\$3,411.76
6/14/2023	Investment Management services for April 2023 - Emerging Markets Bond Index Fund \$538,429,673, 1.55 bps, Invoice #SSGABA3761683	\$6,954.72
6/27/2023	Investment Management services for May 2023 - Emerging Markets Index Fund \$623,479,212 AUM, 1.55 bps Invoice #SSGABA3765907	\$8,053.27

Warrant #24-01



Illinois Police Officers'
PENSION INVESTMENT FUND

Expenses for Ratification - July 21, 2023 Board Meeting

Investment & Banking

Investment Management (continued)

6/27/2023	Investment Management services for May 2023 - Non-US Small Cap Index Fund \$448,393,513 AUM, 1.55 bps Invoice #SSGABA3765909	\$5,791.75
6/27/2023	Investment Management services for May 2023 - Non-US Developed Index Fund \$1,403,680,465, 1.55 bps, Invoice #SSGABA3765915	\$18,130.87
6/27/2023	Investment Management services for May 2023 - US Agg Bond Index Fund \$615,777,960, 1.55 bps, Invoice #SSGABA3765911	\$7,953.80
6/27/2023	Investment Management services for May 2023 - US REIT Index Fund \$338,459,508, 1.55 bps, Invoice #SSGABA3765910	\$4,371.77
6/27/2023	Investment Management services for May 2023 - US ST Gov/Credit Bond Fund \$1,356,186,300, 1.55 bps, Invoice #SSGABA3765912	\$17,517.41
6/27/2023	Investment Management services for May 2023 - US High Yield Bond Index Fund \$900,023,133, 1.55 bps, Invoice #SSGABA3765913	\$11,625.30
6/27/2023	Investment Management services for May 2023 - US TIPS 0-5 Yrs Fund \$270,308,540, 1.55 bps, Invoice #SSGABA3765916	\$3,491.49
6/27/2023	Investment Management services for May 2023 - Emerging Markets Bond Index Fund \$538,070,220, 1.55 bps, Invoice #SSGABA3765917	\$6,950.07
	Total Investment Management Investment & Banking Expenses	\$176,392.97
	TOTAL INVESTMENT OPERATIONS EXPENSES	\$176,392.97
	TOTAL EXPENSES FOR RATIFICATION	\$338,860.52

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

MEMORANDUM

TO: Board of Trustees
FROM: Richard White, Executive Director
Regina Tuczak, Finance Director
RE: Finance Agenda Item 7.3
DATE: July 21, 2023

Item 7.3 TRANSITION AUDIT PER 40 ILCS 5/22B 120(g)

At the April 14, 2023, meeting, the Board approved the Agreed-Upon Procedures, Fees, and Statement of Work for the Post-Transition Audit to be performed by Sikich LLP (Sikich).

As of the writing of this memo, all testing associated with these Agreed-Upon Procedures has been completed and no exceptions or issues have been identified during this process. Per the Agreed-Upon Procedures report, 160 transactions were tested.

A draft report from Sikich has been provided and is included in the materials distributed.

Should the Board approve the Agreed-Upon Procedures report, IPOPIF staff will provide a management representative letter and the report will be issued. The report will be sent to the Illinois Department of Insurance and a copy will be placed on the IPOPIF website.

Recommended Action: Approve the draft Agreed-Upon Procedures report provided by Sikich LLP.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Finance Agenda Item 7.4

DATE: July 21, 2023

Item 7.4 EXAMINATION AND INVESTIGATION AUDITS

At the meeting on June 9, 2023, the Board reviewed recent legislative matters, including HB 3817, the Budget Implementation Bill, which included a provision requiring each Article 3 Pension Fund of the Illinois Pension Code to pay an annual compliance fee of at least .02% but not more than .05% of the total assets of the pension fund to the Department of Insurance in the event the Consolidated Pension Fund does not conduct an examination or audit of the Article 3 Fund as provided in Section 1A-104. The Board requested further analysis be conducted on the costs associated with conducting these examinations.

After preliminary evaluation and consultation regarding potential examinations of Article 3 Funds, a draft estimate of costs to perform these procedures (outsourced versus in-house staff) has been prepared and is included as Attachment A. The Attachment includes two analyses:

- 1) Outsourced to an Independent CPA Firm
- 2) Performed by In-House Staff

A summary of key considerations of each option is noted below:

Outsource to Independent CPA Firm

This option assumes that a Request for Proposal will be issued, one or more firms are selected by the Board, fees are consistent with similarly situated organizations, and the examination or audit period commences with the transition of investments to IPOPIF.

Summary of Considerations – OUTSOURCE

- The estimated costs to outsource these services (\$989,100 for the initial three years) are greater than the estimated costs should these be performed by in-house staff.
- Utilization of an Independent CPA Firm will require communication and coordination by IPOPIF staff, however, audit procedures, findings, and any disagreements with Article 3 Funds would be managed by the Independent CPA Firm. This removes IPOPIF from situations outside of the scope of IPOPIF's investment management services.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

- As the assumption of these examinations or audits from the prior role of the Department of Insurance is new, utilization of an independent firm allows flexibility as changes are identified and managed. Contracts can be drafted to allow for termination clauses should the services no longer be needed or the scope changes.
- Depth of resources at an Independent CPA Firm provides an opportunity to “batch” audits for similar periods of time or perform these services in Tranches. Multiple audits can be performed simultaneously.
- Access to the most advanced technological audit tools and resources, including audit training and standards, can be provided and maintained by an Independent CPA Firm.

Performed by IPOPIF Staff

This option assumes that two staff members (an Experienced Auditor and a Staff Auditor) are hired to conduct these examinations or audits, which are estimated to be approximately 30 hours each, inclusive of all related services and procedures. This assumes the examination or audit period commences with the transition of investments to IPOPIF.

Summary of Considerations – PERFORMED INHOUSE

- Estimated costs to perform these examinations or audits with in-house staff is (\$805,000 for the initial three years) is less than the costs estimated with utilization of an Independent CPA Firm.
- Use of internal staff ensures consistent application of workprograms and procedures, along with continuity of personnel.
- Should there be changes in scope or discontinuation of these examinations or audits, staff hired for these procedures would not be utilized elsewhere within IPOPIF, and thus they may need to be terminated or downsized.
- Audit findings would need to be communicated by IPOPIF staff to the Article 3 Fund and resolved, as applicable. While IPOPIF staff would develop new relationships with the Article 3 Funds, these communications would involve matters outside of investment management and could present adversarial situations outside the scope of IPOPIF’s mission and vision.
- Multiple audits could not be conducted simultaneously. Most likely, no more than a few examinations/audits could be conducted at once.

Conclusion and Recommendation: Given these considerations, an RFP is recommended, which would be prepared, and an outsourced solution utilized, at least for the initial year(s). Once procedures and the process are stabilized, use of internal IPOPIF staff to perform these procedures can be considered. Should the Board decide to conduct these examinations or audits using an outsourced Independent CPA Firm, a draft potential timeline is provided below as Attachment B.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

Recommended Action: The Board provide direction on whether it seeks to perform compliance examinations or audits and utilize an Independent CPA Firm(s), which would be hired through an RFP process.

ATTACHMENT A - Compliance Audit Analysis

OUTSOURCE TO EXTERNAL FIRM(S)			
Fees to Outside Providers			
External CPA Firm hired through RFP			
Average cost for each Compliance Audit	\$2,500	Consultation hours with Article 3 Fund CPA Firms	60.00
x Number of Article 3 Police Pension Funds	x 357	Approximate Blended Hourly Rate	x \$150
Fees to External CPA Firm(s)	\$892,500	Fees to Article 3 Funds CPA Firms for Set-Up	\$9,000
Legal Fees to Review RFP and Agreements	\$3,000	*Anticipated to be L&A and/or Sikich as auditor of many Article 3 Funds	
Internal Resource Costs			
Communication with Article 3 Funds and External CPA Firms			
Executive Director (4.0 hrs/month)	\$7,300	Initial Set-Up (Includes RFP Drafting and Evaluation)	
Finance Director (6.0 hrs/month)	\$8,100	Executive Director - 60 hours	\$9,100
Senior Accountant (4.0 hrs/month)	\$2,500	Finance Director - 100 hours	\$11,300
Administrative Analyst (4.0 hrs/month)	\$2,200	Senior Accountant - 40 hours	\$2,100
Ongoing Communications	\$20,100	Administrative Analyst - 40 hours	\$1,800
x 3 year cycle	x 3	Initial Set-Up	\$24,300
Estimated Ongoing Communications for 3 yrs	\$60,300		
ESTIMATED TOTAL COSTS OF OUTSOURCING - Initial 3 Yrs	\$ 989,100		
ESTIMATED ANNUAL COSTS OF OUTSOURCING	\$ 329,700		
ESTIMATED BUDGET ADJUSTMENT	\$ 301,500	<i>Assumes current staff absorbs project mgmt - no additional FTEs</i>	

KEY ASSUMPTIONS

Fees are consistent with firms selected by IFPIF
 Audits are performed virtually - no site visits
 Audit periods commence with transition period

ATTACHMENT A - Compliance Audit Analysis

PERFORMED BY IPOPIF STAFF	
Hiring of Two Staff Members	
Experienced Auditor	
Salary of \$95,000 x 1.25 Benefit Load	\$118,750
Staff Auditor	
Salary of \$65,000 x 1.25 Benefit Load	\$81,250
Annual Salary and Benefits for Two Staff Members	\$200,000
x 3 year cycle	x 3
Estimated Additional Personnel Costs for 3 yrs	\$600,000
Fees to Outside Providers	
Initial Set-Up Consultations	
Consultation hours with Article 3 Fund CPA Firms	60.00
Approximate Blended Hourly Rate	x \$150
Fees to Article 3 Funds CPA Firms for Set-Up	\$ 9,000
*Anticipated to be L&A and/or Sikich as auditor of many Article 3 Funds	
Outsourced HR fees for Recruitment	\$7,400
Internal Resource Costs	
Communication with Article 3 Funds + DOI, Staff Mgmt & Review	
Executive Director (12.0 hrs/month)	\$21,700
Finance Director (20.0 hrs/month)	\$27,000
Administrative Analyst (8.0 hrs/month)	\$5,000
Ongoing Communications/ Staff Mgt and Review	\$53,700
x 3 year cycle	x 3
Estimated Ongoing Communications for 3 yrs	\$161,100
Initial Set-Up (Includes Hiring Staff, Education and Training)	
Executive Director - 80 hours	\$12,100
Finance Director - 120 hours	\$13,500
Senior Accountant - 12 hours	\$700
Administrative Analyst - 40 hours	\$1,800
Initial Set-Up	\$28,100
ESTIMATED INTERNAL COSTS OF AUDITS - Initial 3 Yrs	\$805,600
ESTIMATED ANNUAL COSTS OF AUDITS	\$ 268,533.33
ESTIMATED BUDGET ADJUSTMENT	\$ 205,466.67
<i>Assumes current staff services all internal resource needs</i>	

KEY ASSUMPTIONS

Estimate of 30 hours per audit - 119 Article 3 Funds per year
 Audits are performed virtually - no site visits
 Audit periods commence with transition period

ATTACHMENT B

Article 3 Fund Compliance Examinations or Audits

Request for Proposal Timeline

<u>Action</u>	<u>Date</u>
Board directs staff to prepare a RFP	July 21, 2023
Staff prepares draft RFP	August 2023
Presentation of draft RFP to Audit & Budget Committee	September 14, 2023
Presentation of draft RFP to Board of Trustees	October 13, 2023
Posting of final RFP	October 16, 2023
Deadline for RFP submissions	November 17, 2023
Staff Review of RFPs	December 2023
Presentation of Finalists and Selection by the Board of Trustees	January 2024
Contract Finalization and Planning	February – March 2024
Communication to first group of Article 3 Funds	April 2024
Examinations commence	May 2024

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: Board of Trustees

FROM: Richard White, Executive Director
Regina Tuczak, Finance Director

RE: Finance Agenda Item 7.5

DATE: July 21, 2023

Item 7.5 PAY PLAN

At the May 19, 2023, Audit and Budget Committee meeting, the Committee introduced the formation of a Pay Plan for IPOPIF staff that could be provided annually as part of the budget process. A draft template was subsequently provided. Due to timing of material submission for the June 9, 2023, Board meeting, a completed Pay Plan draft was not available. A draft has since been completed and is included as Attachment C to this memo.

In summary, the Pay Plan provides for the following:

- Contract employees, the Executive Director (ED) and Chief Investment Officer (CIO), receive compensation in accordance with their contractual arrangements.
- Salary ranges of all positions approved by Board are documented in one place.
- Discretion for the ED and CIO to award an annual merit increase to each staff member is provided, subject to a performance review. All performance reviews would occur prior to finalization of the next fiscal year's presentation of the Budget to the Board (prior to June 1). Expected merit increases would be within the maximum salary range and would be documented in the budget materials. Merit increases would be effective July 1.
- Absent any further Board discussion or changes to salary ranges, the maximum compensation level is adjusted by CPI – U annually. Staff at the top of the salary range are not eligible for a merit increase, however, an inflationary increase can be provided subject to satisfactory performance. Inflationary increases would be provided July 1.

Note that the Fiscal Year 2024 Budget included salary increases for staff. These budgeted increases are scheduled to be paid on the later of July 31 (for those staff employed longer than 1 year) or the employee's anniversary date.

Recommended Action: The Board of Trustees review and approve the Pay Plan provided.

**IPOPIF****ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND****MEMORANDUM**

TO: Board of Trustees
FROM: Richard White, Executive Director
RE: IMRF Employer Contribution
DATE: July 21, 2023

Recommended action: Adopt Resolution 2023-___ to include compensation paid under Internal Revenue Code Section 125 Plan as IMRF earnings.

Background:

Some earnings are not required to be reported to the IMRF as compensation but are optional on the part of the employer to be included as long as the governing body passes a resolution to include these earnings as reportable compensation. Generally, compensation for a Section 125 health care plan or compensation paid for healthcare insurance benefits is not reported as compensation and therefore not included in reportable compensation. The IPOPIF has been including these amounts in the reportable compensation by using the 'gross salary' for each employee and has been paying the employer contribution based on this. We were recently informed that this resolution is necessary to permit this to occur. It is important to note that the inclusion of these earnings does slightly raise the employer and employee contribution for the pension benefit while also raising the retirement benefit for the employee. Also, should the Board decide not to use the gross salary for reportable compensation, we would also need to revise the previous years' reported wages to IMRF, along with any related employee withholdings and then evaluate the tax consequences on each employee's IRS Form W-2.

The adoption of this resolution will allow the reporting of compensation to include the amount of compensation that is paid by the employee for health care benefits and the IPOPIF will continue to pay the IMRF contributions based on the member's gross salary.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES
 FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
 RE: IMRF PAST SERVICE PURCHASES
 DATE: JULY 21, 2023

Recommended action: Approve IPOPIF to pay the employee cost, including interest and taxes, to establish the prior service of certain employees that had IPOPIF earnings prior to IPOPIF joining the IMRF.

The Fund began participation in the Illinois Municipal Retirement Fund (IMRF) effective September 1, 2022. Since this date, all Fund employees have been enrolled with IMRF, wages have been reported and employee and employer contributions have been remitted to IMRF. There are employees who are eligible to purchase prior service for the time period they were employed by the Fund prior to September 1, 2022. IMRF provides an application for such service purchase on Form 6.07, "Application for Prior Service Credit". This application requires that the applicant provide employment and salary information for his/her service period request and the form is then signed by the Authorized Agent of the Fund (Richard White – Executive Director).

Other than the Executive Director and Chief Investment Officer, there are two active employees of the Fund who are eligible to apply for purchase of this service credit. Steve Yoon started with the Fund on August 16, 2021, and Barb Meyer started with the Fund on July 19, 2022. Both employees are Tier 2 members of IMRF.

If the Fund were to provide payment to these two employees to purchase this service credit, the amounts due would be reported as gross wage compensation and subject to tax. A calculation of the estimated cost to purchase the service credit and the incremental amount, gross up for taxes, indicates an estimate of approximately \$11,500. This amount has been included in the Fiscal Year 2024 Budget within the Investment Personnel salary and benefits category.

A request was made to the Audit and Budget Committee to review this matter and consider approval to recommend to the Board of Trustees that IPOPIF remit payment to the IMRF for these two employees for the service purchase, should they elect to proceed with the application. The Committee recommended 3-0 to move this item to the Board for consideration, as an act of good faith for the employees.



IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

Note that the employer is not charged immediately for its share of the service purchase. Instead, future GASB 67/68 valuations will reflect the service credit changes of the employees, along with all other actuarial experience of IPOPIF employees, and the employer contribution rate is adjusted prospectively.

The staff has been engaged in preliminary discussions with the IMRF regarding this issue and will continue these discussions after Board action for final resolution. The Board will receive a final report on this matter at the appropriate time.



IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES

FROM: RICHARD WHITE, EXECUTIVE DIRECTOR

RE: SPECIAL ELECTION FOR THE VACANT ACTIVE MEMBER TRUSTEE –
SELECTION POLICY AND PROCESS

DATE: JULY 21, 2023

Recommended action: Approve the revised Election Policy (PP-2020-03).

Background:

- As provided for in the statute, the Board of Trustees is charged with administering the election for the permanent trustees. (40 ILCS 5/22B-116).
- The term “**active member**” shall refer to an active police officer participating in an Article 3 Pension Fund. The Active Member Trustee Seat with a term of office that began in January 2021 and runs through December 2024 is currently vacant with the recent resignation of the elected trustee holding this seat.
- The statute currently provides that “[f]or a vacancy of an elected trustee occurring with an unexpired term of 6 months or more, an election shall be conducted for the vacancy in accordance with Section 22B-115 and this Section.” The present statute also provides that the terms of office for the elected trustees shall be four-year terms of office. The Active Member trustee will fill the remainder of a four-year term of office that began in January 2021, and continues through December 2024.
- Pursuant to the pension code, the Board of Trustees approved on June 9, 2023, that a special election take place to fill the vacant seat.

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- Sections 22B-115 and 116 provide for the same election process that the Board has implemented in past elections: a nomination process, an objections period to challenge a nomination, and the election, followed by certification. On June 26, 2023, the nomination period for the vacant trustee position was opened via written notification to the Article 3 participating police pension funds and posting of the nomination process to the IPOPIF website.
- Any election related legal services will be the responsibility of Marisel Hernandez, Jacobs Burns Orlove & Hernandez LLP and who has been consulted with the development and revisions of policy and procedures.
- The balloting for the election will be provided by Survey and Ballot Systems (SBS) the previously approved vendor for these services. This special election is not an included process within the scope of the current contract, so a proposal to provide election services that are consistent with the current contract and the election policy was requested from the vendor. The cost of the election services was \$19,336. The cost of envelopes for the mailing was not included, as these materials were previously paid for during the last election. The cost of postage to mail these materials will be billed separately. Also, in the event that there is not a contested election, and the trustee position is filled by acclamation, the IPOPIF will be responsible for paying the retainer fee of \$3,500, which is included in the total cost of these services quoted above. The Executive Director recently executed this contract, in accordance with the guidelines in the purchasing policy, that authorizes a purchase of \$20,000 or less without the requirement of Board approval.
- The Election Committee did not meet to review the policy or procedures due to the difficulty of conducting a committee meeting with an in-person quorum on the short time-line between the two Board meetings.
- The governing policy for this election has been revised to address the procedures for the nomination of candidates, the election process and the certification of the election by the Board of Trustees. The revised policy and schedule is included in this agenda item for your review and approval.

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**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURES**

POLICY NUMBER:	PP-2020-03
SUBJECT:	BOARD OF TRUSTEES ELECTION POLICY
EFFECTIVE DATE:	JULY 10, 2020
AMENDED:	AUGUST 14, 2020
AMENDED:	SEPTEMBER 11, 2020
AMENDED:	DECEMBER 2, 2020
AMENDED:	APRIL 8, 2022
AMENDED:	JULY 21, 2023

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A. INTRODUCTION

1. For the election of the permanent trustees, the Board of Trustees shall administer all elections. (40 ILCS5/22B-116)
2. Nothing in the Pension Code prohibits the Fund from contracting with a third party to administer the election in accordance with the Pension Code.
3. For the purposes of obtaining information necessary to conduct elections under this Section, participating pension funds shall cooperate with the Fund. [40 ILCS5/22B-116(a)].

B. DEFINITIONS

1. The terms “Fund,” “Board,” “Board of Trustees,” or “Pension Board” shall refer to the Board of Trustees of the Illinois Police Officers’ Pension Investment Fund (IPOPIF) created by 40 ILCS 5/22B-101 et seq.
2. The term "Participating pension fund" means any pension fund established pursuant to 40 ILCS 5/3 that will or has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund.
3. The term “**active member**” shall refer to an active police officer participating in an Article 3 Pension Fund.
4. The term “**beneficiary member**” shall refer to a retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents receiving benefits from an Article 3 Pension Fund. If a special need trust as described in Section 1396p(d)(4) of Title 42 of the United States Code, as amended from time to time, has been established for a disabled adult child, then the special needs trust may stand in lieu of the disabled adult child as a beneficiary for the purposes of this article.
5. The term “**municipal member**” shall refer to any mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality that has a participating pension fund.
6. The term “**Illinois Municipal League**” refers to the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

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7. The term “authorized agent” means a firm or individual hired by the Board of Trustees of Trustees or the Fund to conduct specified roles and responsibilities associated with the election of the Board of Trustees.
8. The term “Conflict Counsel” means a firm or individual hired by the IPOPIF Board of Trustees.
9. For language throughout this document not exclusively defined within this section, refer to the definitions under Article 1 (and Article 3) of the Illinois Pension Code, 40 ILCS 5.

C. COMPOSITION OF THE BOARD OF TRUSTEES OF THE FUND (40 ILCS5/22B-115(b)(1)(2)(3)(4))

1. The Board of Trustees shall consist of 9 members as follows:
 - a. Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities that have participating pension funds and are elected by the mayors and presidents of municipalities that have participating pension funds.
 - b. Three members who are participants of participating pension funds and are elected by the participants of participating pension funds.
 - c. Two members who are beneficiaries of participating pension funds and are elected by the beneficiaries of participating pension funds.
 - d. One member recommended by the Illinois Municipal League who shall be appointed by the Governor with the advice and consent of the Senate.

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D. TERMS OF OFFICE (40 ILCS5/22B-116(f))

1. The elected trustees shall each serve for terms of 4 years commencing on the first business day of the first month after election commencing as of January 1, 2021:

a. Municipal Member Trustees (Item (1) of subsection (b) of Section 22B-115)

i. **Trustee 1:**

1. January 2021 – December 2022
2. January 2023 – December 2026

ii. **Trustee 2:**

1. January 2021 – December 2024

iii. **Trustee 3:**

1. January 2021 – December 2024

b. Active Member Trustees (Item (2) of subsection (b) of Section 22B-115)

i. **Trustee 4:**

1. January 2021 – December 2022
2. January 2023 – December 2026

ii. **Trustee 5:**

1. January 2021 – December 2022
2. January 2023 – December 2026

iii. **Trustee 6:**

1. January 2021 – December 2024

c. Beneficiary Member Trustees (Item (3) of subsection (b) of Section 22B-115)

i. **Trustee 7:**

1. January 2021 – December 2022
2. January 2023 – December 2026

ii. **Trustee 8**

1. January 2021 – December 2024

2. The Illinois Municipal League trustee appointed pursuant to item (4) of subsection (b) of Section 22B-115 shall serve for a term of 2 years commencing as of January 1, 2021:

i. **Trustee 9:**

1. January 2021 – December 2022
2. January 2023 – December 2024

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E. NOMINATION OF CANDIDATES OF THE BOARD OF TRUSTEES

1. At the **June 9, 2023** meeting of the Board of Trustees, the Executive Director shall advise the Board of Trustees of the vacancy of the Trustee 6 seat for the Active Participant Member for whom an election is required.
 - a. The advice to the Board of Trustees shall include the process for the nomination and election of the vacant trustee seat.
 - b. The Board of Trustees shall vote to affirm the advice received and authorize the opening of the Board election process.
 - c. The Board of Trustees shall set the opening of the nomination process for **June 26, 2023**, and the closing date of **4:30 p.m. Central Time on August 4, 2023**, for when the completed nomination petitions shall be received by the Executive Director or authorized agent.
2. All nominations for election shall be conducted with a paper nomination process as presented in Section Q and will be available on the IPOPIF website (www.ipopif.org) for downloading by any potential candidate.
3. Each petition for an elected trustee shall be executed as follows, **per (40 ILCS5/22B-116(b))**:
 - a. for **trustees to be elected by active participants**, by at least 400 participants.
 - i. **Active member trustee** nomination petitions will be available on the IPOPIF website (www.ipopif.org).
4. Each petition page will allow for up to ten signatures and will be required to include the Circulator's name and original signature along with a Notary stamp and seal.
5. Following the authorization of the nomination process for the election of the member of the Board of Trustees, the Executive Director or authorized agent shall notify all qualified electors in the participating pension funds of the election.
 - a. Notification of the qualified electors shall take place as soon as practical following the Board's authorization of the election process.
 - b. The notification shall include the class of the seat to be elected and information about the candidate application and nomination petition process.

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- c. Any qualified candidate that is interested in participating in the election for the vacant Board Trustee seat will be required to obtain a nominating petition from the IPOPIF website (www.ipopif.org).
 - i. Nomination petitions may be requested at any time during the nomination process but completed nominating petitions **must be received at the Pension Fund office by no later than 4:30 p.m. Central Time on August 4, 2023**, in order for a candidate to be considered for the election.
 - b. The interested candidates will be required to provide appropriate contact information to the Executive Director, or authorized agent on a Statement of Candidacy form, as presented in Section Q, and will be available on the IPOPIF website (www.ipopif.org) for downloading by any potential candidate.
 - c. This contact information will be confidential and will be used solely to assist in the IPOPIF in the conduct of the nomination and election process.
6. The nomination petition filing period will close at **4:30 p.m. Central Time on August 4, 2023**. At this time, the Fund's Executive Director and/or authorized agent will examine the nomination petitions for accuracy and verify that each nominating petition contains the required number of respective electoral signatures.
- a. Candidates who fail to furnish the required number of eligible signatures will be disqualified.
 - b. Only electors of the specific class of trustee are qualified to sign the nominating petition(s) candidates within their respective class. **The individuals signing the nominating petition must be members of the eligible electing class at the time they sign the petition.**
 - c. Qualified electors may sign a nominating petition for more than one candidate in each election but may not sign any nominating petition more than once.

F. CANDIDATE BALLOT AND BIOGRAPHICAL STATEMENTS

1. The candidate may submit a *short ballot designation* that will be printed on the official ballot along with the candidate's name.
 - a. Such designation shall be limited to the candidate's title, office, employment classification or similar position held by the candidate.

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- b. This designation shall not be more than forty (40) characters in length, including spaces. If the ballot designation submitted by the candidate exceeds the foregoing space limitation, no ballot designation shall be printed for that candidate.
2. The candidate may submit *a biographical candidate statement* that will be included with the official ballot packet. The biographical candidate statement shall be no more than four hundred (400) words in length and must be contained on a single sheet of 8 ½ by 11-inch paper and shall be of camera-ready quality. Candidates may submit an electronic version of the statement to the Executive director or authorized agent.
 - a. The Executive Director shall not edit a biographical candidate statement and will have sole authority to exclude a candidate statement provided the Executive Director can articulate the reasons for taking this action.
 - b. The Executive Director shall notify the candidate of the decision to exclude the candidate statement and shall provide the reason(s) for the decision.
 - c. A candidate shall be permitted to re-submit a candidate statement during the nomination process but in no case will a statement be accepted after the close of the nomination period.
3. The candidates' biographical statement will be included with the official ballot packet. The Fund shall determine the format of the biographical statement and may condense all biographies into one sheet. The Fund will not respond to requests for biographical candidate statements to be mailed to requesting parties.

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G. ADDITIONAL CAMPAIGN MATERIALS

1. The distribution of any information, publications, fliers and similar materials used by a qualified candidate or interested third party shall be considered additional campaign materials.
2. There shall be no provision for the Fund and any authorized agent of the Fund to support a qualified candidate or interested third party in the distribution of additional campaign materials related to the election of the Board of Trustees.
3. In the event a qualified candidate or third party distributes additional campaign materials for the election of the Board of Trustees, such materials should disclose that they are not endorsed by the Fund or the Board of Trustees.

H. CHALLENGE OF NOMINATION PETITIONS AND ELECTION RESULTS

1. For purposes of this section, the filing of a written request must be made simultaneously to the Executive Director and the Conflict Counsel via certified mail and email at the following addresses:
 - a. Illinois Police Officers' Pension Investment Fund
Attention: Executive Director Richard White
456 Fulton Street, Suite 402
Peoria, IL 61602
[Email: rwhite@ipopif.org](mailto:rwhite@ipopif.org)
 - b. Marisel Hernandez
Jacobs, Burns, Orlove & Hernandez, LLP
One North LaSalle Street, Suite 1620
Chicago, IL 60602
Email: MHernandez@jbosh.com
2. Any person may request to examine filed nominating petitions following the submission deadline date of **August 4, 2023** by filing a written request with the Executive Director. Within a reasonable time, and during normal business hours, an appointment will be made to accommodate the request for examination, provided the following limitations are met:

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- a. Petitions to be examined will be duplicate copies of the original petitions filed, with any personal identifying information redacted.
 - b. Petitions will only be examined at a location determined by the Executive Director.
 - c. Petitions may not be removed, photocopied, or duplicated by any means, from the designated viewing location, except as required under the Illinois Freedom of Information Act.
3. Any prospective candidate or eligible voter may challenge the *nomination petition validation process* by submitting a written statement to the Executive Director and Conflict Counsel identifying the specific aspects of the nomination petition process that is being challenged.
- a. **A written challenge to a nomination petition may be submitted beginning on August 14, 2023, but must be physically received at the Fund office no later than August 17, 2023 at 4:30 p.m. Central Time. All challenges must be submitted in writing via certified mail and e-mail to the Executive Director and the Conflict Counsel at the addresses specified in Section H-1 of this Policy.**
 - b. The Conflict Counsel shall consider the challenges between **August 21-29, 2023**. A written notice of the Recommended Decision and Order shall be mailed to the challenger by **4:30 p.m. Central Time on September 1, 2023**.
 - c. The Board of Trustees shall meet on **September 15, 2023**, and either: 1) adopt the Recommended Decision and Order of the Conflict Counsel, or 2) adopt all, part or none of the Recommended Decision and Order and issue its own written Decision and Order consistent with the record and applicable law. The Board of Trustees shall issue and serve on all parties its written Decision and Order.
4. Any challenge to the *certified election results* may be made by submitting a written statement to the Executive Director and Conflict Counsel at the addresses specified in Section H-1 of this Policy and identifying the specific aspects of the election process that is being challenged.
- a. **A written challenge to the election process or results may be submitted beginning on November 7, 2023 but must be physically received at the Fund office by no later than November 8, 2023 at 4:30 p.m. Central Time. All**

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challenges must be submitted in writing via certified mail and e-mail to the Executive Director and the Conflict Counsel at the addresses specified in Section H-1 of this Policy.

- b. The Conflict Counsel shall consider the challenges between November 9-14 2023. A written notice of the Recommended Decision and Order shall be mailed to the challenger by **4:30 p.m. Central Standard Time on November 16, 2023.**
 - c. The Board of Trustees shall meet on December 15, 2023 and either: 1) adopt the Recommended Decision and Order of the Conflict Counsel, or 2) adopt all, part or none of the Recommended Decision and Order and issue its own written Decision and Order consistent with the record and applicable law. The Board of Trustees shall issue and serve on all parties its written Decision and Order.
5. A challenge to the nomination petition or election result, as defined in this Section may be made only by an elector member of the same class as the candidate being challenged.
6. Processing Objections
- a. A written challenge to a nomination may be submitted beginning on **August 14, 2023 but** must be physically received by the Executive Director and Conflict Counsel by no later than **4:30 P.M. Central Time on August 17, 2023.**
 - b. A written challenge to the election process or results may be submitted beginning on **November 7, 2023 but** must be physically received by the Executive Director and Conflict Counsel by **4:30 P.M. Central Time on November 8, 2023.**
 - c. No later than 4:30 PM CT on the business day after receipt of an objector's petition, the Executive Director of the Fund ("Executive Director") shall transmit to the objecting party ("Objector"), the individual named as nominee in the nominating petition ("Candidate"), and the Fund's Conflict Counsel ("Hearing Officer") the following documents, including any attachments provided:
 - i. the Objector's objecting petition.
 - ii. the Candidate's petition being objected to; and
 - iii. the Objector's, Candidate's, and Hearing Officer's contact information (physical address, telephone number and e-mail address).
 - iv. IPOPIF Election Policy (Rules).

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- d. The Executive Director shall transmit this information via registered or certified mail, first class mail, and email. The Executive Director may, but is not required to, call the Objector, the Candidate, and/or the Hearing Officer. Such call shall be made strictly for notice purposes and the substance of the dispute shall not be discussed.
 - e. By 4:30 PM CT on the second business day after the Executive Director has transmitted the above-listed documents, the Objector, the Candidate, and the Hearing Officer shall agree upon the date and time at which the hearing on the objecting petition (“Hearing”) shall take place. These hearings shall be conducted via a digital platform, such as Zoom.
 - f. **However, in no case may the Hearing be scheduled for any date later than August 29, 2023, for Nomination Challenges or November 14, 2023, for Election Result Challenges.**
 - g. Unless otherwise designated by the Hearing officer. These hearings shall be conducted via a digital platform, such as Zoom.
 - h. . Any party that will be represented by counsel at the Hearing must disclose that fact by the time the Hearing is scheduled.
7. Hearing
- a. The Hearing shall not be after **August 29, 2023, for Nomination Challenges or November 14, 2023, for Election Result Challenges**. At the Hearing, the Hearing Officer shall adopt further rules and procedures for the introduction of evidence and the presentation of arguments as the Hearing Officer sees fit to do so. While strict rules of civil procedure shall not be followed, they are encouraged, and fundamental rules of fairness shall apply. The further rules and procedures so adopted shall not be inconsistent with the rules and procedures set forth herein. The Hearing Officer shall have all powers necessary to conduct the hearing through the decision of the Hearing Officer.
 - b. The procedures to be utilized for the Hearing are as follows:
 - i. Each Hearing shall adjudicate only one objecting petition unless (a) multiple objecting petitions present the same question of fact and (b) conducting a Hearing that adjudicates multiple objecting petitions would

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not prejudice the rights of any party to any petition. In that case, the Hearing Officer may, in his or her discretion, adjudicate multiple objecting petitions in a single Hearing.

- ii. No Hearing shall be continued for the sole purpose of allowing time to file a motion or a response thereto. However, all matters that are or would be raised by motion, and all responses thereto, shall be heard fully at the Hearing.
- iii. The Objector has the burden of proving the petitions were improperly obtained, that signatures are invalid or that the petition process was otherwise faulty.
- iv. A court reporter may attend the Hearing and record the testimony at the expense of the party, or parties, who desire one.
- v. At the outset of each Hearing, the Hearing Officer will introduce as part of the record the Candidate's nominating petition(s), the objector's petitions(s), and any attachments. Either the Objector or the Candidate may introduce other such evidence as exhibits that he or she believes are pertinent to the proceedings.
- vi. Either the Objector or the Candidate will have the opportunity to make legal objections to any of this documentation or evidence. Rulings on all legal matters will be made by the Hearing Officer.
- vii. Either the Objector or the Candidate may make an opening statement.
- viii. The Objector is considered the moving party and will proceed first with his or her case in chief.
- ix. Either the Objector or the Candidate may present evidence and testimony in support of their claims and cross-examine such witnesses that may testify, if any.
- x. The Hearing Officer shall have the opportunity to cross-examine any witness.
- xi. At the close of evidence, the Objector and the Candidate may make a closing statement. No post hearing briefs shall be allowed.

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- xii. In the event a Hearing cannot be completed on the date it begins, it shall be continued to a date agreeable to all parties until it has been completed.
 - xiii. After the conclusion of the Hearing, the Hearing Officer shall write a Recommended Decision and Order for consideration by the Board of Trustees.
 - xiv. The Board may adopt all, part or none of the Recommended Decision and Order consistent with the record and applicable law and issue its own written Decision and Order.
- c. **In any case, the Board shall approve a written Decision and Order by September 15, 2023 for Nomination Challenges and December 15, 2023, for Election Result Challenges.**
8. The Decision and Order approved by the Board shall become the final administrative decision as to the Objector's objecting petition for purposes of the Administrative Review Law. Such final written decision shall be subject to administrative review pursuant to the Illinois Code of Civil Procedure and the Administrative Review Law, 735 ILCS 5/3-101 *et seq.* The Board shall issue and serve on all parties its written Decision and Order pursuant to Admin. Rev. Law.

I. PROCEDURES FOR APPROVING CANDIDATES AND THE ELECTION PROCESS

- 1. At the meeting of the Board of Trustees on **September 15, 2023**, the Executive Director of the Fund shall advise the Board of Trustees of Trustees of the results of the nomination process and identify the candidates that are qualified for the election. The Board of Trustees of Trustees shall vote to approve the candidates and authorize the initial election process for the Board election.
- 2. Any candidate may, in writing, withdraw his or her nomination petition at any time. A candidate nomination petition that has been withdrawn may not be renewed.
- 3. If a candidate should withdraw or become ineligible for the Board position after submission of the candidate nomination petition, the Board of Trustees shall declare the candidate ineligible and remove the candidate from the election ballot. If a candidate should withdraw or become ineligible for the Board position after the printing of the

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ballots, that candidate's votes shall not be counted. All other votes for eligible candidates on the same ballot shall be counted.

4. Candidates may be disqualified from the election and removed from the ballot for any of the following reasons:
 - a. Submission of a nominating petition with less than the requisite number of signatures for their respective class. Candidates will be allowed to resubmit nominating petitions, provided they are physically received by the required date/time specified in Section E.
 - b. Failure to submit the completed nomination petition by the required date/time specified in Section E.
 - c. As further described in Section H, an approved decision by the Board of Trustees following a finding by Conflict Counsel that a candidate violated a procedure in the Election Policy.
5. Following the authorization of the election process, the authorized agent shall notify all qualified electors on or after **October 3, 2023**.
6. There shall be no provision for write-in Candidates.

J. ADMINISTRATION OF ELECTIONS (40 ILCS5/22B-116)

1. The Executive Director or authorized agent shall cause the names of those persons nominated for the Board of Trustees to be printed upon ballots of such form as may be determined by the Fund.
 - a. A separate black-and-white ballot shall be used for each class of trustee.
 - b. The board or authorized agent shall prepare and send ballots, biographical statements and ballot envelopes to the municipal representatives, participants and beneficiaries eligible to vote in accordance with these rules.
 - c. The ballots shall contain the names of all candidates in alphabetical order.
 - d. The ballot envelope shall have on the outside a form of certificate stating that the person voting the ballot is a municipal representative, participant or beneficiary entitled to vote.

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- e. Municipal representatives, participants and beneficiaries, upon receipt of the ballot, shall vote the ballot and place it in the ballot envelope, seal the envelope, execute the certificate thereon, and return the ballot to the Fund.
- 2. Election ballots shall be mailed to each qualified elector on or after **October 3, 2023**.
- 3. In lieu of conducting elections via mail balloting, as described in this Section, the Fund may instead adopt rules to provide for elections to be carried out in an electronic format.

K. COMPILATION OF ELECTOR DATABASE (40 ILCS 5/22B-116)

- 1. In order to conduct the trustee election, the Fund, Executive Director, or authorized agent shall compile a database of eligible electors for each class of trustee.
 - a. For municipal representative(s), the Fund, or authorized agent, may submit a request to each municipality with a participating pension fund requesting the name, title, email and mailing address for the eligible elector of that city, town or village.
 - b. For participants and beneficiaries, the Fund, or authorized agent, may submit a request to each participating fund requesting:
 - i. Names, email and departmental mailing addresses for all eligible participant electors.
 - ii. Names, class or status (retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents), email and home mailing address for all eligible beneficiary electors.
- 2. Once compiled, the elector database will become sole property of the Fund, be kept confidential and will not be released to any requesting party, subject to the requirements of FOIA.
- 3. If the necessary information is not received by **4:30 p.m. Central Time on August 18, 2023** the Fund may consider the municipal representative, participants, and beneficiaries to be unable to participate in the trustee election.

L. VOTING IN THE ELECTION (40 ILCS 5/22B-116)

- 1. At any election, voting shall be as follows:

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- a. Each person authorized to vote for a specific class of trustee may cast one vote for each related position for which such person is entitled to vote and may cast such vote for any candidate or candidates on the ballot for such trustee position.
 - i. There shall be no provision for cumulative voting of candidates.
 - ii. If more candidates are selected than the number of positions to be elected, the ballot is invalid and will not be counted.
 - iii. If the number of candidates selected is fewer than the number of positions to be elected, the ballot is valid and will be counted.
 - b. If only one candidate for each position is properly nominated in petitions received, that candidate shall be deemed the winner and no election under this Section shall be required.
 - c. The individuals voting in the election must be members of the same candidate class they are voting for at the time they cast the vote.
2. The qualified electors shall receive an official ballot from the Fund or authorized agent which shall contain the name of the candidate and the ballot designation of the candidate.
 3. The candidate biographical statement will be included with the official ballot packet.
 4. Ballots must be physically received by the Fund or authorized agent by **4:30 p.m. Central Standard Time on October 31, 2023**. OCTOBER 31, 2023 shall be designated the election date.
 5. The authorized agent shall verify that each ballot is a qualified ballot for the election.
 6. Only verified ballots will be tabulated.

M. TABULATION OF THE BALLOTS

1. The tabulation of the ballots will be conducted at the Fund office or location approved by the Board of Trustees.
2. The Board of Trustees authorizes that the ballots shall be tabulated on a daily basis, as received, by the election services vendor in accordance with procedures approved by the election vendor and IPOPIF. The final tabulation date will be **November 2, 2023**.
3. The Election Vendor will prepare a report that describes the process used by the election vendor to assure the accuracy of the ballot tabulation process. This report will be made available to the candidates and others.

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4. The candidate or candidates receiving the highest number of votes for each class of trustee shall be elected. In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.
5. The results of the election will be posted on the Fund's website by **4:30 p.m. Central Time on November 3, 2023.**

N. CERTIFICATION OF ELECTION RESULTS (40 ILCS5/22B-116)

1. The results of the election will be submitted for certification to the Board of Trustees of Trustees at the Regular Meeting scheduled on **December 15, 2023**, following the tabulation of the ballots.
2. The results shall be entered in the minutes of the first meeting of the board following the certification of the election results (Tentatively scheduled for January 19, 2024).

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O. IMPORTANT EVENT SCHEDULE OF THE 2023 SPECIAL TRUSTEE ELECTION

- June 9, 2023
 - Board of Trustees Regular Meeting
 - Declaration of the vacant trustee position and approval of the opening of the Election Process
- June 26, 2023 – August 4, 2023
 - Nomination Period for Candidates is open.
- July 21, 2023
 - Board of Trustees approval of revised Election Policy
- August 4, 2023
 - Nomination Period Closed
- August 14 -17 , 2023
 - Nomination Challenge Period for Candidates
- August 18, 2023
 - Deadline for participating police pension funds to provide elector information to IPOPIF.
- August 25, 2023
 - Elector information is provided to election services vendor.
- August 21-29 2023
 - Nomination Challenge Determination Period
- September 1, 2023
 - Nomination Challenge Decision Date
- September 15, 2023
 - Board of Trustees Regular Meeting
 - Review findings of Nomination Challenge Decision by Conflict Counsel, if necessary
 - Approval of candidate(s) and appropriate action to begin election ballot process, if necessary.
- October 3, 2023
 - Official ballot packets are mailed to qualified electors.
- October 3– October 31, 2023
 - Election Period. Ballots are tabulated on a daily basis by the election vendor.
- October 31, 2023
 - Election Date. Ballots must be received by 4:30 PM (Central Time).

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- November 2, 2023
 - Election vendor conducts the Final Tabulation of Election Ballots.
 - Election vendor delivers electronic results of the election tabulation to IPOPIF by 4:30 PM (Central Time).
- November 3, 2023
 - IPOPIF will publicize the election results on the IPOPIF website by 4:30 PM (Central Standard Time).
- November 7-8, 2023
 - Election Challenge Period for Candidates
- November 9 -14, 2023
 - Election Result Challenge Determination Period
- November 16, 2023
 - Election Result Challenge Decision Date
- December 15, 2023
 - Board of Trustees Regular Meeting
 - Review findings of Nomination Challenge Decision by Conflict Counsel
 - Certification of Election Results by Board of Trustees of Trustees
 - Seating of the Board of Trustee
- January 19, 2024
 - Board of Trustee Regular Meeting
 - Results of trustee election entered into the minutes of the meeting.

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P. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board of Trustees' judgement.
2. This Policy was adopted by the Board of Trustees on July 10, 2020.
3. This Policy was amended by the Board of Trustees on August 14, 2020:
 - a. Section H – 32; 33; 34; 35 (added to Policy)
 - b. Section I – 37; 38; 39. (added to Policy)
 - c. Section K – 45a and 45b ('shall' changed to 'may')
4. This Policy was amended by the Board of Trustees on September 11, 2020:
 - a. Section F – 23; 24 (revised)
 - b. Section J – 42a; 42b (revised)
 - c. Section L – 50 (revised)
 - d. Section M – 55;56 (revised)
 - e. Section O – Timeline revised
5. This Policy was amended by the Board of Trustees of Trustees on December 2, 2020
 - a. Section H – 28; 33e (revised)
6. This Policy was amended by the Board of Trustees on April 8, 2022.
7. This Policy was amended by the Board of Trustees on July 21, 2023 to address the procedures for a special election of the vacant active member trustee seat #6..

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Q. ELECTION PROCESS FORMS

1. Candidate Petitions:

- **ACTIVE MEMBER TRUSTEE Candidate Petition**

2. Statement of Candidacy:

- **ACTIVE MEMBER TRUSTEE Statement of Candidacy:**

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**ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURES**

POLICY NUMBER: PP-2020-03
SUBJECT: BOARD OF TRUSTEES ELECTION POLICY
EFFECTIVE DATE: JULY 10, 2020
AMENDED: AUGUST 14, 2020
AMENDED: SEPTEMBER 11, 2020
AMENDED: DECEMBER 2, 2020
AMENDED: APRIL 8, 2022
AMENDED: JULY 21, 2023

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SECTION A: INTRODUCTION
SECTION B: DEFINITIONS
SECTION C: COMPOSITION OF THE BOARD OF TRUSTEES
SECTION D: TERMS OF OFFICE
SECTION E: NOMINATION OF CANDIDATES OF THE BOARD OF TRUSTEES
SECTION F: CANDIDATE BALLOT AND BIOGRAPHICAL STATEMENTS
SECTION G: ADDITIONAL CAMPAIGN MATERIALS
SECTION H: CHALLENGE OF NOMINATION PETITIONS AND ELECTION RESULTS
SECTION I: PROCEDURES FOR APPROVING CANDIDATES AND THE ELECTION PROCESS
SECTION J: ADMINISTRATION OF ELECTIONS
SECTION K: COMPILATION OF ELECTOR DATABASE
SECTION L: VOTING IN THE ELECTION
SECTION M: TABULATION OF THE BALLOTS
SECTION N: CERTIFICATION OF ELECTION RESULTS
SECTION O: SCHEDULE OF THE 2022 TRUSTEE ELECTION
SECTION P: POLICY REVIEW
SECTION Q: ELECTION PROCESS FORMS

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A. INTRODUCTION

1. For the election of the permanent trustees, the Board of Trustees shall administer all elections. (40 ILCS5/22B-116)
2. Nothing in the Pension Code prohibits the Fund from contracting with a third party to administer the election in accordance with the Pension Code.
3. For the purposes of obtaining information necessary to conduct elections under this Section, participating pension funds shall cooperate with the Fund. [40 ILCS5/22B-116(a)].

B. DEFINITIONS

1. The terms "Fund," "Board," "Board of Trustees," or "Pension Board" shall refer to the Board of Trustees of the Illinois Police Officers' Pension Investment Fund (IPOPPIF) created by 40 ILCS 5/22B-101 et seq.
2. The term "Participating pension fund" means any pension fund established pursuant to 40 ILCS 5/3 that will or has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund.
3. The term "**active member**" shall refer to an active police officer participating in an Article 3 Pension Fund.
4. The term "**beneficiary member**" shall refer to a retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents receiving benefits from an Article 3 Pension Fund. If a special need trust as described in Section 1396p(d)(4) of Title 42 of the United States Code, as amended from time to time, has been established for a disabled adult child, then the special needs trust may stand in lieu of the disabled adult child as a beneficiary for the purposes of this article.
5. The term "**municipal member**" shall refer to any mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality that has a participating pension fund.
6. The term "**Illinois Municipal League**" refers to the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

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7. The term "authorized agent" means a firm or individual hired by the Board of Trustees of Trustees or the Fund to conduct specified roles and responsibilities associated with the election of the Board of Trustees.
8. The term "Conflict Counsel" means a firm or individual hired by the IPOPIF Board of Trustees.
9. For language throughout this document not exclusively defined within this section, refer to the definitions under Article 1 (and Article 3) of the Illinois Pension Code, 40 ILCS 5.

C. COMPOSITION OF THE BOARD OF TRUSTEES OF THE FUND (40 ILCS5/22B-115(b)(1)(2)(3)(4))

1. The Board of Trustees shall consist of 9 members as follows:
 - a. Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities that have participating pension funds and are elected by the mayors and presidents of municipalities that have participating pension funds.
 - b. Three members who are participants of participating pension funds and are elected by the participants of participating pension funds.
 - c. Two members who are beneficiaries of participating pension funds and are elected by the beneficiaries of participating pension funds.
 - d. One member recommended by the Illinois Municipal League who shall be appointed by the Governor with the advice and consent of the Senate.

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D. TERMS OF OFFICE (40 ILCS5/22B-116(f))

1. The elected trustees shall each serve for terms of 4 years commencing on the first business day of the first month after election commencing as of January 1, 2021:
 - a. Municipal Member Trustees (Item (1) of subsection (b) of Section 22B-115)
 - i. **Trustee 1:**
 1. January 2021 – December 2022
 2. January 2023 – December 2026
 - ii. **Trustee 2:**
 1. January 2021 – December 2024
 - iii. **Trustee 3:**
 1. January 2021 – December 2024
 - b. Active Member Trustees (Item (2) of subsection (b) of Section 22B-115)
 - i. **Trustee 4:**
 1. January 2021 – December 2022
 2. January 2023 – December 2026
 - ii. **Trustee 5:**
 1. January 2021 – December 2022
 2. January 2023 – December 2026
 - iii. **Trustee 6:**
 1. January 2021 – December 2024
 - c. Beneficiary Member Trustees (Item (3) of subsection (b) of Section 22B-115)
 - i. **Trustee 7:**
 1. January 2021 – December 2022
 2. January 2023 – December 2026
 - ii. **Trustee 8**
 1. January 2021 – December 2024
2. The Illinois Municipal League trustee appointed pursuant to item (4) of subsection (b) of Section 22B-115 shall serve for a term of 2 years commencing as of January 1, 2021:
 - i. **Trustee 9:**
 1. January 2021 – December 2022
 2. January 2023 – December 2024

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E. NOMINATION OF CANDIDATES OF THE BOARD OF TRUSTEES

1. At the **June 9, 2023** meeting of the Board of Trustees, the Executive Director shall advise the Board of Trustees of the vacancy of the Trustee 6 seat for the Active Participant Member for whom an election is required.
 - a. The advice to the Board of Trustees shall include the process for the nomination and election of the vacant trustee seat.
 - b. The Board of Trustees shall vote to affirm the advice received and authorize the opening of the Board election process.
 - c. The Board of Trustees shall set the opening of the nomination process for **June 26, 2023**, and the closing date of **4:30 p.m. Central Time on August 4, 2023**, for when the completed nomination petitions shall be received by the Executive Director or authorized agent.
2. All nominations for election shall be conducted with a paper nomination process as presented in Section Q and will be available on the IPOPIF website (www.ipopif.org) for downloading by any potential candidate.
3. Each petition for an elected trustee shall be executed as follows, **per (40 ILCS5/22B-116(b))**:
 - a. ~~for trustees to be elected by active participants~~, by at least 400 participants.
 - i. **Active member trustee** nomination petitions will be available on the IPOPIF website (www.ipopif.org).
4. Each petition page will allow for up to ten signatures and will be required to include the Circulator's name and original signature along with a Notary stamp and seal.
5. Following the authorization of the nomination process for the election of the member of the Board of Trustees, the Executive Director or authorized agent shall notify all qualified electors in the participating pension funds of the election.
 - a. Notification of the qualified electors shall take place as soon as practical following the Board's authorization of the election process.
 - b. The notification shall include the class of the seat to be elected and information about the candidate application and nomination petition process.

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Municipal member trustee nomination petitions will be available on the IPOPIF website (www.ipopif.org).

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Beneficiary member trustee nomination petitions will be available on the IPOPIF website (www.ipopif.org). ¶

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- c. Any qualified candidate that is interested in participating in the election for the vacant Board Trustee seat will be required to obtain a nominating petition from the IPOPIF website (www.ipopif.org).
 - i. Nomination petitions may be requested at any time during the nomination process but completed nominating petitions **must be received at the Pension Fund office by no later than 4:30 p.m. Central Time on August 4, 2023**, in order for a candidate to be considered for the election.
 - b. The interested candidates will be required to provide appropriate contact information to the Executive Director, or authorized agent on a Statement of Candidacy form, as presented in Section Q, and will be available on the IPOPIF website (www.ipopif.org) for downloading by any potential candidate.
 - c. This contact information will be confidential and will be used solely to assist the IPOPIF in the conduct of the nomination and election process.
6. The nomination petition filing period will close at **4:30 p.m. Central Time on August 4, 2023**. At this time, the Fund's Executive Director and/or authorized agent will examine the nomination petitions for accuracy and verify that each nominating petition contains the required number of respective electoral signatures.
- a. Candidates who fail to furnish the required number of eligible signatures will be disqualified.
 - b. Only electors of the specific class of trustee are qualified to sign the nominating petition(s) candidates within their respective class. **The individuals signing the nominating petition must be members of the eligible electing class at the time they sign the petition.**
 - c. Qualified electors may sign a nominating petition for more than one candidate in each election but may not sign any nominating petition more than once.

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F. CANDIDATE BALLOT AND BIOGRAPHICAL STATEMENTS

- 1. The candidate may submit a *short ballot designation* that will be printed on the official ballot along with the candidate's name.
 - a. Such designation shall be limited to the candidate's title, office, employment classification or similar position held by the candidate.

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- b. This designation shall not be more than forty (40) characters in length, including spaces. If the ballot designation submitted by the candidate exceeds the foregoing space limitation, no ballot designation shall be printed for that candidate.
2. The candidate may submit a *biographical candidate statement* that will be included with the official ballot packet. The biographical candidate statement shall be no more than four hundred (400) words in length and must be contained on a single sheet of 8 ½ by 11-inch paper and shall be of camera-ready quality. Candidates may submit an electronic version of the statement to the Executive director or authorized agent.
 - a. The Executive Director shall not edit a biographical candidate statement and will have sole authority to exclude a candidate statement provided the Executive Director can articulate the reasons for taking this action.
 - b. The Executive Director shall notify the candidate of the decision to exclude the candidate statement and shall provide the reason(s) for the decision.
 - c. A candidate shall be permitted to re-submit a candidate statement during the nomination process but in no case will a statement be accepted after the close of the nomination period.
3. The candidates' biographical statement will be included with the official ballot packet. The Fund shall determine the format of the biographical statement and may condense all biographies into one sheet. The Fund will not respond to requests for biographical candidate statements to be mailed to requesting parties.

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G. ADDITIONAL CAMPAIGN MATERIALS

1. The distribution of any information, publications, fliers and similar materials used by a qualified candidate or interested third party shall be considered additional campaign materials.
2. There shall be no provision for the Fund ~~or~~ any authorized agent of the Fund to support a qualified candidate or interested third party in the distribution of additional campaign materials related to the election of the Board of Trustees.
3. In the event a qualified candidate or third party distributes additional campaign materials for the election of the Board of Trustees, such materials should disclose that they are not endorsed by the Fund or the Board of Trustees.

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H. CHALLENGE OF NOMINATION PETITIONS AND ELECTION RESULTS

1. For purposes of this section, the filing of a written request must be made simultaneously to the Executive Director and the Conflict Counsel via certified mail and email at the following addresses:
 - a. Illinois Police Officers' Pension Investment Fund
Attention: Executive Director Richard White
456 Fulton Street, Suite 402
Peoria, IL 61602
Email: rwhite@ipopif.org
 - b. [Marisel Hernandez](#)
[Jacobs, Burns, Orlove & Hernandez, LLP](#)
[One North LaSalle Street, Suite 1620](#)
[Chicago, IL 60602](#)
Email: MHernandez@jbosh.com
2. Any person may request to examine filed nominating petitions following the submission deadline date of **August 4, 2023** by filing a written request with the Executive Director. Within a reasonable time, and during normal business hours, an appointment will be made to accommodate the request for examination, provided the following limitations are met:

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- a. Petitions to be examined will be duplicate copies of the original petitions filed, with any personal identifying information redacted.
 - b. Petitions will only be examined at a location determined by the Executive Director.
 - c. Petitions may not be removed, photocopied, or duplicated by any means, from the designated viewing location, except as required under the Illinois Freedom of Information Act.
3. Any prospective candidate or eligible voter may challenge the *nomination petition validation process* by submitting a written statement to the Executive Director and Conflict Counsel identifying the specific aspects of the nomination petition process that is being challenged.
- a. **A written challenge to a nomination petition may be submitted beginning on August 14, 2023, but must be physically received at the Fund office no later than August 17, 2023 at 4:30 p.m. Central Time. All challenges must be submitted in writing via certified mail and e-mail to the Executive Director and the Conflict Counsel at the addresses specified in Section H-1 of this Policy.**
 - b. The Conflict Counsel shall consider the challenges between August 21-29, 2023. A written notice of the Recommended Decision and Order shall be mailed to the challenger by 4:30 p.m. Central Time on September 1, 2023.
 - c. The Board of Trustees shall meet on September 15, 2023, and either: 1) adopt the Recommended Decision and Order of the Conflict Counsel, or 2) adopt all, part or none of the Recommended Decision and Order and issue its own written Decision and Order consistent with the record and applicable law. The Board of Trustees shall issue and serve on all parties its written Decision and Order.
4. Any challenge to the *certified election results* may be made by submitting a written statement to the Executive Director and Conflict Counsel at the addresses specified in Section H-1 of this Policy and identifying the specific aspects of the election process that is being challenged.
- a. **A written challenge to the election process or results may be submitted beginning on November 7, 2023 but must be physically received at the Fund office by no later than November 8, 2023 at 4:30 p.m. Central Time. All**

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challenges must be submitted in writing via certified mail and e-mail to the Executive Director and the Conflict Counsel at the addresses specified in Section H-1 of this Policy.

- b. The Conflict Counsel shall consider the challenges between November 9-14, 2023. A written notice of the Recommended Decision and Order shall be mailed to the challenger by 4:30 p.m. Central Standard Time on November 16, 2023.

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- c. The Board of Trustees shall meet on December 15, 2023, and either: 1) adopt the Recommended Decision and Order of the Conflict Counsel, or 2) adopt all, part or none of the Recommended Decision and Order and issue its own written Decision and Order consistent with the record and applicable law. The Board of Trustees shall issue and serve on all parties its written Decision and Order.
- 5. A challenge to the nomination petition or election result, as defined in this Section may be made only by an elector member of the same class as the candidate being challenged.
- 6. Processing Objections
 - a. A written challenge to a nomination may be submitted beginning on **August 14, 2023** but must be physically received by the Executive Director and Conflict Counsel by no later than 4:30 P.M. Central Time on August 17, 2023.
 - b. A written challenge to the election process or results may be submitted beginning on November 7, 2023 but must be physically received by the Executive Director and Conflict Counsel by **4:30 P.M. Central Time on November 8, 2023**.
 - c. No later than 4:30 PM CT on the business day after receipt of an objector's petition, the Executive Director of the Fund ("Executive Director") shall transmit to the objecting party ("Objector"), the individual named as nominee in the nominating petition ("Candidate"), and the Fund's Conflict Counsel ("Hearing Officer") the following documents, including any attachments provided:
 - i. the Objector's objecting petition;
 - ii. the Candidate's petition being objected to; and
 - iii. the Objector's, Candidate's, and Hearing Officer's contact information (physical address, telephone number and e-mail address).
 - iv. IPOPIF Election Policy (Rules).
 - d. The Executive Director shall transmit this information via registered or certified mail, first class mail, and email. The Executive Director may, but is not required to, call the Objector, the Candidate, and/or the Hearing Officer. Such call shall be made strictly for notice purposes and the substance of the dispute shall not be discussed.

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- e. By 4:30 PM CT on the second business day after the Executive Director has transmitted the above-listed documents, the Objector, the Candidate, and the Hearing Officer shall agree upon the date and time at which the hearing on the objecting petition (“Hearing”) shall take place. ~~These hearings shall be conducted via a digital platform, such as Zoom.~~
- f. ~~However, in no case may the Hearing be scheduled for any date later than August 29, 2023, for Nomination Challenges or November 14, 2023, for Election Result Challenges.~~
- g. ~~Unless otherwise designated by the Hearing officer, These hearings shall be conducted via a digital platform, such as Zoom.~~
- h. Any party that will be represented by counsel at the Hearing must disclose that fact by the time the Hearing is scheduled.

7. Hearing

- a. The Hearing shall not be after August 29, 2023, for Nomination Challenges or November 14, 2023, for Election Result Challenges. At the Hearing, the Hearing Officer shall adopt further rules and procedures for the introduction of evidence and the presentation of arguments as the Hearing Officer sees fit to do so. While strict rules of civil procedure shall not be followed, they are encouraged, and fundamental rules of fairness shall apply. The further rules and procedures so adopted shall not be inconsistent with the rules and procedures set forth herein. The Hearing Officer shall have all powers necessary to conduct the hearing through the decision of the Hearing Officer.
- b. The procedures to be utilized for the Hearing are as follows:
 - i. Each Hearing shall adjudicate only one objecting petition unless (a) multiple objecting petitions present the same question of fact and (b) conducting a Hearing that adjudicates multiple objecting petitions would not prejudice the rights of any party to any petition. In that case, the Hearing Officer may, in his or her discretion, adjudicate multiple objecting petitions in a single Hearing.

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- ii. No Hearing shall be continued for the sole purpose of allowing time to file a motion or a response thereto. However, all matters that are or would be raised by motion, and all responses thereto, shall be heard fully at the Hearing.
- iii. The Objector has the burden of proving the petitions were improperly obtained, that signatures are invalid or that the petition process was otherwise faulty.
- iv. A court reporter may attend the Hearing and record the testimony at the expense of the party, or parties, who desire one.
- v. At the outset of each Hearing, the Hearing Officer will introduce as part of the record the Candidate's nominating petition(s), the objector's petitions(s), and any attachments. Either the Objector or the Candidate may introduce other such evidence as exhibits that he or she believes are pertinent to the proceedings.
- vi. Either the Objector or the Candidate will have the opportunity to make legal objections to any of this documentation or evidence. Rulings on all legal matters will be made by the Hearing Officer.
- vii. Either the Objector or the Candidate may make an opening statement.
- viii. The Objector is considered the moving party and will proceed first with his or her case in chief.
- ix. Either the Objector or the Candidate may present evidence and testimony in support of their claims and cross-examine such witnesses that may testify, if any.
- x. The Hearing Officer shall have the opportunity to cross-examine any witness.
- xi. At the close of evidence, the Objector and the Candidate may make a closing statement. No post hearing briefs shall be allowed.
- xii. In the event a Hearing cannot be completed on the date it begins, it shall be continued to a date agreeable to all parties until it has been completed.

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xiii. After the conclusion of the Hearing, the Hearing Officer shall write a Recommended Decision and Order for consideration by the Board of Trustees.

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xiv. The Board may adopt all, part or none of the Recommended Decision and Order consistent with the record and applicable law and issue its own written Decision and Order.

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c. In any case, the Board shall approve a written Decision and Order by September 15, 2023 for Nomination Challenges and December 15, 2023, for Election Result Challenges.

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8. The Decision and Order approved by the Board shall become the final administrative decision as to the Objector's objecting petition for purposes of the Administrative Review Law. Such final written decision shall be subject to administrative review pursuant to the Illinois Code of Civil Procedure and the Administrative Review Law, 735 ILCS 5/3-101 et seq. The Board shall issue and serve on all parties its written Decision and Order pursuant to Admin. Rev. Law.

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I. PROCEDURES FOR APPROVING CANDIDATES AND THE ELECTION PROCESS

1. At the meeting of the Board of Trustees on September 15, 2023, the Executive Director of the Fund shall advise the Board of Trustees of the results of the nomination process and identify the candidates that are qualified for the election. The Board of Trustees shall vote to approve the candidates and authorize the initial election process for the Board election.

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2. Any candidate may, in writing, withdraw his or her nomination petition at any time. A candidate nomination petition that has been withdrawn may not be renewed.

3. If a candidate should withdraw or become ineligible for the Board position after submission of the candidate nomination petition, the Board of Trustees shall declare the candidate ineligible and remove the candidate from the election ballot. If a candidate should withdraw or become ineligible for the Board position after the printing of the ballots, that candidate's votes shall not be counted. All other votes for eligible candidates on the same ballot shall be counted.

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- 4. Candidates may be disqualified from the election and removed from the ballot for any of the following reasons:
 - a. Submission of a nominating petition with less than the requisite number of signatures for their respective class. Candidates will be allowed to resubmit nominating petitions, provided they are physically received by the required date/time specified in Section E.
 - b. Failure to submit the completed nomination petition by the required date/time specified in Section E.
 - c. As further described in Section H, an approved decision by the Board of Trustees following a finding by Conflict Counsel that a candidate violated a procedure in the Election Policy.
- 5. Following the authorization of the election process, the authorized agent shall notify all qualified electors on or after October 3, 2023.
- 6. There shall be no provision for write-in Candidates.

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J. ADMINISTRATION OF ELECTIONS (40 ILCS5/22B-116)

- 1. The Executive Director or authorized agent shall cause the names of those persons nominated for the Board of Trustees to be printed upon ballots of such form as may be determined by the Fund.
 - a. A separate black-and-white ballot shall be used for each class of trustee.
 - b. The board or authorized agent shall prepare and send ballots, biographical statements and ballot envelopes to the municipal representatives, participants and beneficiaries eligible to vote in accordance with these rules.
 - c. The ballots shall contain the names of all candidates in alphabetical order.
 - d. The ballot envelope shall have on the outside a form of certificate stating that the person voting the ballot is a municipal representative, participant or beneficiary entitled to vote.
 - e. Municipal representatives, participants and beneficiaries, upon receipt of the ballot, shall vote the ballot and place it in the ballot envelope, seal the envelope, execute the certificate thereon, and return the ballot to the Fund.
- 2. Election ballots shall be mailed to each qualified elector on or after October 3, 2023.

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3. In lieu of conducting elections via mail balloting, as described in this Section, the Fund may instead adopt rules to provide for elections to be carried out in an electronic format.

K. COMPILATION OF ELECTOR DATABASE (40 ILCS 5/22B-116)

1. In order to conduct the trustee election, the Fund, Executive Director, or authorized agent shall compile a database of eligible electors for each class of trustee.
 - a. For municipal representative(s), the Fund, or authorized agent, may submit a request to each municipality with a participating pension fund requesting the name, title, email and mailing address for the eligible elector of that city, town or village.
 - b. For participants and beneficiaries, the Fund, or authorized agent, may submit a request to each participating fund requesting:
 - i. Names, email and departmental mailing addresses for all eligible participant electors.
 - ii. Names, class or status (retired pensioner, disabled pensioner, surviving spouse, minor children, disabled children, and dependent parents), email and home mailing address for all eligible beneficiary electors.
2. Once compiled, the elector database will become sole property of the Fund, be kept confidential and will not be released to any requesting party, subject to the requirements of FOIA.
3. If the necessary information is not received by **4:30 p.m. Central Time on August 18, 2023**, the Fund may consider the municipal representative, participants, and beneficiaries to be unable to participate in the trustee election.

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L. VOTING IN THE ELECTION (40 ILCS 5/22B-116)

1. At any election, voting shall be as follows:
 - a. Each person authorized to vote for a specific class of trustee may cast one vote for each related position for which such person is entitled to vote and may cast such vote for any candidate or candidates on the ballot for such trustee position.
 - i. There shall be no provision for cumulative voting of candidates.
 - ii. If more candidates are selected than the number of positions to be elected, the ballot is invalid and will not be counted.

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- iii. If the number of candidates selected is fewer than the number of positions to be elected, the ballot is valid and will be counted.
- b. If only one candidate for each position is properly nominated in petitions received, that candidate shall be deemed the winner and no election under this Section shall be required.
- c. The individuals voting in the election must be members of the same candidate class they are voting for at the time they cast the vote.
- 2. The qualified electors shall receive an official ballot from the Fund or authorized agent which shall contain the name of the candidate and the ballot designation of the candidate.
- 3. The candidate's biographical statement will be included with the official ballot packet.
- 4. Ballots must be physically received by the Fund or authorized agent by **4:30 p.m. Central Standard Time on October 31, 2023**, ~~OCTOBER 31, 2023~~ shall be designated the election date.
- 5. The authorized agent shall verify that each ballot is a qualified ballot for the election.
- 6. Only verified ballots will be tabulated.

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M. TABULATION OF THE BALLOTS

- 1. The tabulation of the ballots will be conducted at the Fund office or location approved by the Board of Trustees,
- 2. The Board of Trustees authorizes that the ballots shall be tabulated on a daily basis, as received, by the election services vendor in accordance with procedures approved by the election vendor and IPOPIF. The final tabulation date will be November 2, 2023,
- 3. The Election Vendor will prepare a report that describes the process used by the election vendor to assure the accuracy of the ballot tabulation process. This report will be made available to the candidates and others.
- 4. The candidate or candidates receiving the highest number of votes for each class of trustee shall be elected. In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.
- 5. The results of the election will be posted on the Fund's website by **4:30 p.m. Central Time on November 3, 2023**,

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N. CERTIFICATION OF ELECTION RESULTS (40 ILCS5/22B-116)

1. The results of the election will be submitted for certification to the Board of Trustees of Trustees at the Regular Meeting scheduled on December 15, 2023, following the tabulation of the ballots.
2. The results shall be entered in the minutes of the first meeting of the board following the certification of the election results (Tentatively scheduled for January 19, 2024).

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O. IMPORTANT EVENT SCHEDULE OF THE 2023 SPECIAL TRUSTEE ELECTION

- June 9, 2023
 - Board of Trustees Regular Meeting
 - Declaration of the vacant trustee position and approval of the opening of the Election Process

- June 26, 2023 – August 4, 2023
 - Nomination Period for Candidates is open.
- July 21, 2023
 - Board of Trustees approval of revised Election Policy
- August 4, 2023
 - Nomination Period Closed
- August 14 -17 , 2023
 - Nomination Challenge Period for Candidates
- August 18, 2023
 - Deadline for participating police pension funds to provide elector information to IPOPIF.
- August 25, 2023
 - Elector information is provided to election services vendor.
- August ~~21-29~~ 2023
 - Nomination Challenge Determination Period
- September 1, 2023
 - Nomination Challenge Decision Date
- September 15, 2023
 - Board of Trustees Regular Meeting
 - Review findings of Nomination Challenge Decision by Conflict Counsel, if necessary
 - Approval of candidate(s) and appropriate action to begin election ballot process, if necessary.
- ~~October 3,~~ 2023
 - Official ballot packets are mailed to qualified electors.
- ~~October 3-~~ October ~~31,~~ 2023
 - Election Period. Ballots are tabulated on a daily basis by the election vendor.
- October ~~31,~~ 2023
 - Election Date. Ballots must be received by 4:30 PM (Central Time).

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- [November 2, 2023](#)
 - Election vendor conducts the Final Tabulation of Election Ballots.
 - Election vendor delivers electronic results of the election tabulation to IPOPIF by 4:30 PM (Central Time).
- [November 3, 2023](#)
 - IPOPIF will publicize the election results on the IPOPIF website by 4:30 PM (Central Standard Time).
- [November 7-8, 2023](#)
 - [Election Challenge Period for Candidates](#)
- [November 9 – 14, 2023](#)
 - Election Result Challenge Determination Period
- [November 16, 2023](#)
 - Election Result Challenge Decision Date
- [December 15, 2023](#)
 - Board of Trustees [Regular Meeting](#)
 - Review findings of Nomination Challenge Decision by Conflict Counsel
 - Certification of Election Results by Board of Trustees of Trustees
 - Seating of the Board of Trustee
- [January 19, 2024](#)
 - [Board of Trustee Regular Meeting](#)
 - [Results of trustee election entered into the minutes of the meeting](#)

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P. POLICY REVIEW

1. The Policy is subject to change in the exercise of the Board of Trustees' judgement.
2. This Policy was adopted by the Board of Trustees on July 10, 2020.
3. This Policy was amended by the Board of Trustees on August 14, 2020:
 - a. Section H – 32; 33; 34; 35 (added to Policy)
 - b. Section I – 37; 38; 39. (added to Policy)
 - c. Section K – 45a and 45b ('shall' changed to 'may')
4. This Policy was amended by the Board of Trustees on September 11, 2020:
 - a. Section F – 23; 24 (revised)
 - b. Section J – 42a; 42b (revised)
 - c. Section L – 50 (revised)
 - d. Section M – 55;56 (revised)
 - e. Section O – Timeline revised
5. This Policy was amended by the Board of Trustees of Trustees on December 2, 2020
 - a. Section H – 28; 33e (revised)
6. This Policy was amended by the Board of Trustees on April 8, 2022.
7. This Policy was amended by the Board of Trustees on July 21, 2023 to address the procedures for a special election of the vacant active member trustee seat #6.

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Q. ELECTION PROCESS FORMS

1. Candidate Petitions:

- o ACTIVE MEMBER TRUSTEE Candidate Petition

2. Statement of Candidacy:

- o ACTIVE MEMBER TRUSTEE Statement of Candidacy:

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IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES
FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
RE: SPECIAL ELECTION SERVICES VENDOR
DATE: JULY 21, 2023

Recommended action: Information item. No formal action is required.

As discussed in a previous agenda item, the ballot preparation, ballot distribution, and vote tallying for the special trustee election will be provided by Survey and Ballot Systems (SBS). SBS is the current provider for these election services, which are provided under a multi-year contract, that the Board approved in December 2021.

This special election is not an included process within the scope of the current contract, so a proposal to provide election services that are consistent with the current contract and the election policy was requested from the vendor. The cost of the election services was \$19,336. The cost of envelopes for the mailing was not included, as these materials were previously paid for during the last election. The cost of postage to mail these materials was also not included in the proposal and will be billed separately based on actual cost.

Also, in the event that there is not a contested election, and the trustee position is filled by acclamation, the IPOPIF will be responsible for paying the retainer fee of \$3,500, which is included in the total cost of these services quoted above.

The Executive Director recently executed this contract, in accordance with the guidelines in the purchasing policy, that authorizes a purchase of \$20,000 or less without the requirement of Board approval.

IPOPIF

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

MEMORANDUM

TO: BOARD OF TRUSTEES
 FROM: RICHARD WHITE, EXECUTIVE DIRECTOR
 RE: APPROVE FURNITURE PURCHASE
 DATE: JULY 21, 2023

Recommended action: Approve the purchase of office furniture in the amount of \$32,466.16 from Lincoln Office.

Discussion:

The Board of Trustees has previously approved the purchases of desk furniture, chairs, storage and filing cabinets, and tables for the office from Lincoln Office in May 2022 (6-aye; 1 nay, 2 absent) and September 2022 (6-aye, 1-nay, 2 absent). A third purchase totaling \$3,100 in March 2023 was for a small table and a filing cabinet for an office which was approved by the Executive Director, in accordance with the purchasing policy, and did not require Board approval. These three purchases totaled \$131,278.37.

The current furniture inventory includes individual desks, pedestals and chairs for staff, filing cabinets to accompany office desks or stand alone needs, conference room and office table and chairs, visitor chairs and storage cabinets. The furniture accommodated the opening of the permanent office and the team members that were on-board at or near the time of these purchases.

Recent action taken by the Board of Trustees in the Spring of 2023 authorized the hiring of additional staffing for the Fund. These team members will occupy office spaces that are cubicle areas in the center of the office that were provided by the landlord for our use at no cost to the Fund.

The recruitment of these positions began shortly after the Board authorized these positions and though the timing of this recruitment process was not readily known, it was possible that the addition of new team members would take place before the Board would have been able to approve the purchase of the necessary office furnishings.

With this in mind, I approved the purchase of office furniture in anticipation of having the furniture in place when the new team arrived. I requested that the Board of Trustees approve the purchase of the additional office furniture at the June 9, 2023, meeting but the item was not passed (4 aye, 3 nays, 1 abstain, 1 vacant). Subsequent to this meeting, I reviewed the purchase order with the vendor and found that the delivery of the furniture order can be delayed but cannot otherwise be cancelled or revised.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND

IPOPIF

As of the July 21, 2023, three new team members have been on-boarded and will make use of the new furniture with the remainder of the furniture to be used for the additional staff currently in the recruitment phase, a workspace for the Board and for transient visitors, and other use.

The fully furnished office will be able to accommodate the approved staffing level of thirteen team members, allow for some future growth in staffing, for Board and transient visitor workspaces, small conference meeting room table and chairs, reception area including guest seating, filing, storage and workspace cabinets. Unless there are changes in the size of the organization in the future, it is unlikely that there will be a need for significant furniture purchases once this order is completed.

The purchase of this furniture will increase the total to \$163,744.53.

**Illinois
Police
Officers'
Pension
Investment
Fund**

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, July 21, 2023**

ADMINISTRATION & OPERATIONS

- **BOARD OF TRUSTEES:**

- **Mission, Vision and Goal Setting**

- Continued development towards final agreement on mission, vision, values, goals and objectives.

- **HUMAN RESOURCES:**

- **Recruitment** of addition investment staff proceeding at an acceptable pace
 - **On-boarding** of three new employees in July:
 - Samantha Lambert, Administrative Analyst
 - Joseph Miller, Information Technologist
 - Sean Zears, Communication Specialist

ADMINISTRATION & OPERATIONS

- **LEGAL SERVICES**

- **General Legal Counsel**

- On-going legal services including Human Resources, Governance, Administration, Contracts, and Legislation.

- **Fiduciary Legal Counsel**

- On-going legal services including Investments, Election, and Litigation.

- **OFFICE MANAGEMENT**

- Office safety and building security – continuous review
 - Work spaces, environment, equipment, and furniture

COMMUNICATIONS

- **ARTICLE 3 FUNDS**

- Monthly investment reports through **May** for each of the Article 3 funds have been posted to the Website and are now available for the Article 3 participating police pension funds, municipalities, other stakeholders and the general public to review.
- Reports continue to be available to Funds via on-line portal.

- **EXTERNAL COMMUNICATIONS**

- Numerous telephone and email communications with Funds regarding questions or exchange of information by staff.
- Stakeholder publications.

- **WEBSITE**

- Increased traffic: 1,769 sessions in May and 2, 408 in June
- RFP page is most frequently visited, with Article 3 Fund Reports, Actuarial Valuation Reports and Trustee Election showing a lot of visits.

- **MEDIA**

- Financial media recent articles on the IPOPIF – investment strategy and litigation.

- **SPEAKING ENGAGEMENTS**

- Illinois Municipal League Annual Conference, with Chairperson Suess, September, Chicago.
- Illinois Public Pension Fund Association, October, Lincolnshire.

FINANCE, ACTUARIAL AND ACCOUNTING

- **FINANCE AND ACCOUNTING**
 - General Ledger System software on-boarding and training has started.
 - Cash management assistance and support underway
 - Valuation and Cost Rule calculations continue in development
- **ACTUARIAL**
 - Actuarial Valuation Reports: Approximately 250+ valuations reports have been completed by Foster & Foster and available on the Website.
- **AUDIT**
 - Transition Audit update provided.
 - Annual Comprehensive Financial Report – FY 2023 – preparation for this report in-progress

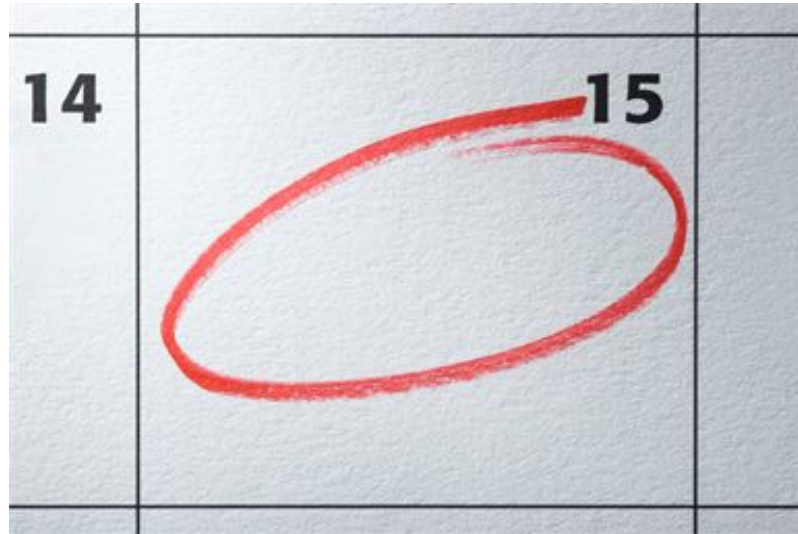
REGIONAL STAKEHOLDER MEETING

**TUESDAY,
JUNE 27, 2023
1:00 PM – 5:00 PM**

Gateway Convention Center
Mississippian Room
One Gateway Drive
Collinsville, IL 62234

- 35 Attendees
- Good interaction and questions.
- Very well received by attendees.
- Expressed desire for these type of meetings.
- Professional and welcoming venue.

BOARD AND COMMITTEE MEETINGS



Committee Meetings:

Thursday

September 14, 2023

Afternoon Session

Board of Trustees:

Friday,

September 15, 2023

Morning Session

September 14 & 15, 2023

Committee Meetings

- Audit & Budget (11:30)
 - Contract (1:00 PM)
 - Election (1:45 PM)
- Governance (2:30 PM)
- Legislative (4:00 PM)
 - Litigation (TBD)

BOT Regular Meeting

9:00 AM – 1:00 PM

Agenda:

Investments

Government Liaison

Finance

Operations

Legal

**Illinois
Police
Officers'
Pension
Investment
Fund**

**Administration/Operations
Update**

**Richard White,
Executive Director**

**IPOPIF Board Meeting
Friday, July 21, 2023**